LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON LEGAL AFFAIRS

(Reference: Inquiry into the management of strata properties)

Members:

MS C BARRY (Chair)
MR T WERNER-GIBBINGS (Deputy Chair)
MR S RATTENBURY

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 1 JULY 2025

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Secretary to the committee:
Ms K de Kleuver (Ph: 6207 0524)

By authority of the Legislative Assembly for the Australian Capital Territory

WITNESSES

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Amended 20 May 2013

The committee met at 1.59 pm.

REECE, MS SAMANTHA, CEO, Australian Apartment Advocacy

THE CHAIR: Good afternoon and welcome to the public hearing of the Standing Committee on Legal Affairs for its Inquiry into the management of strata properties. The committee will today hear from strata management companies and advocacy groups from the apartment, strata and property sectors.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people. We wish to acknowledge and respect their continuing culture and the contributions they make to the life of this city and this region. We would like to acknowledge and welcome other Aboriginal and Torres Strait Islander people who may be attending this event today.

This hearing is a legal proceeding of the Assembly and has the same standing as the proceedings of the Assembly itself, therefore today's evidence attracts parliamentary privilege. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly. The hearing is being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, which I do not think will apply today, it would be useful if witnesses use these words, "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

Please note, as a witness, you are protected by parliamentary privilege and bound by its obligation. You must tell the truth, as giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

We welcome our first witness from the Australian Apartment Advocacy. If you wish to make an opening statement please keep it to one or two minutes as we only have a short time to get through questions. Have you an opening statement?

Ms Reece: If I may.

THE CHAIR: Thank you, please proceed.

Ms Reece: Thank you for allowing the Australian Apartment Advocacy to present today to the inquiry into the management of strata properties. The AAA is the largest consumer protection agency for apartments in Australia with 30,000 members. We are the only consumer protection agency that mediates on behalf of owners, on par with an ombudsman or a commissioner. We are also the only agency that will name and shame publicly.

I felt it was appropriate that we commence the proceedings with a case in point. AAA was contacted by Serenity Gardens, an owners' corporation, in January 2024 seeking to terminate their contract with one the largest strata management companies here in the ACT.

THE CHAIR: I must interrupt the proceedings. Would it be possible not to name

specific organisations?

Ms Reece: I am not going to. I have been asked already.

So we were tasked to basically seek to terminate the contract with this strata management company in January. The contract was coming to an end on 4 February 2024. The reason they did not want to continue with that contract was due to the lack of transparency of financial management and especially the fact that their lift was out of order for a month in late 2023, which meant that some owners were not able to leave their apartment.

The strata management company refused to accept the termination of the contract and advised that they were not responsible for building management even though they engaged the building manager. Upon receipt of the letter from AAA, the strata management company contacted the committee and asked that they advise who was in attendance and who voted to not continue with the business relationship. They did not need to know this as the contract had come to a natural conclusion. However, they created fictitious minutes of the meeting indicating attendees and voting outcomes, which were not accurate. This could be construed as misleading and deceptive conduct.

At this point, AAA contacted the CEO of the strata management company and advised that if the OC were not released and documents handed over in a timely manner we would release this case study in our e-news to our 30,000 members. While we were threatened with defamation, which did not transpire, the company agreed to accept the termination of the contract. At the point of handover, there was no reconciliation of accounts and hence the OC was deeply concerned with the accuracy of their financial position. This was because, against the strata act, this company had not held a separate account for the OC as required. They had the funds in a lump in an account which they were the only signatories for. I have forwarded the relevant emails to the parliamentary secretary.

This is the kind of mediation that we undertake, with approximately 2,000 cases per annum and more so after the ABC coverage on *7.30 Report* and obviously, the *Four Corners* "The Strata Trap" story. Members of the Strata Community Association and the Property Council, who are also speaking today, are not aligned with the interest of owners, but rather their members' benefits. Yet despite strata managers supposedly taking direction from executive committees, we see countless times where strata managers ride roughshod over owners and their genuine needs.

SCA has a national contract which permits the strata manager to renew the contract for another three years, regardless of the desire of the executive committee. We have referred countless claims to SCA about their members and yet when we publicly denounce them, instead of reprimanding their members, SCA writes to us asking that we stop airing their dirty strata in public. The alignment of developers with strata managers also disempowers executive committees and owners from making decisions about their buildings, in particular with defect management.

Like other submissions that you have received, we are seeking: auditing of sinking funds; appointment of a strata commissioner with real power to name and shame like we are seeing with the revised Building and Plumbing Commission in Victoria; the

ability to fine and revoke licenses as we are also witnessing in New South Wales; and capping of insurance brokerage and commission fees to a maximum of 20 per cent for both services. This is especially so for companies that have a vertically integrated model where they offer insurance brokering and also strata management under the same umbrella, because this can obviously become quite conflicted when supposedly seeking competitive quotes.

We want to see educational entry for strata managers and also licensing; training of the executive committees, preferably mandatory, as we are seeing in New South Wales; deprivation of vested interest at the AGM to be voted on, not just in the contract; sourcing of three quotes for works over $20,000; and contracts between developers and strata managers to be limited to six months.

The strata sector, for too long, has not respected the owners. Our data shows that 60 per cent of apartment owners moved from a house into an apartment and hence this is a new concept for them. To take advantage of their naivety, as we see occurring with strata managers and developers alike, is no longer acceptable. While SCA has been trumpeting about renewed understanding of trust, this is simply a PR exercise because when you have fiduciary responsibility for, in some instances, over a million dollars per annum for an OC, then trust should be implicit.

In a conversation with Bronwyn Weir she commended the ACT government for your recent decision to license developers. This is the benchmark for the nation. In light of your courage in this decision, we ask that you apply the same diligence to the strata management sector and set a strong leadership which will put you in good stead for years to come.

THE CHAIR: Thank you very much for that statement, and thank you for sharing that experience as well, Ms Reece. I have a few questions if that is all right. You have mentioned a few things and you have made a few requests and demands. Are these the sorts of things that you think a commissioner could do? For example, you mentioned auditing of sinking funds. Where would you see that responsibility sitting?

Ms Reece: I think it is about the fact that in the real estate sector your real estate agents are licensed and the trust funds are audited. So if you have a separate account for an OC, it is like any business profit and loss and balance sheet. You should be able to see what has been your incoming income, what has been your outgoing expenses, what reserve funds you have, what sinking funds you have and basically be able to set your mind on that data being accurate. When the money is being put into just one large slush fund and there is no reconciliation, how do you know what you are being told is the truth? And that requires a great deal of trust. Now, if you are seeing situations where some strata management companies are abusing that trust by shepherding work into other business units that they own and not seeking competitive quotes, you can start to become quite concerned.

With all due respect, I have seen some of the commentary about the fact that the $160,000 you are offering for the strata commissioner is not enough. I think this role is not about someone who wants to make a lot of money, it is about someone who actually wants to leave their mark, to leave a legacy. We are entering into our tenth year. I can assure you I wish I was making $160,000 a year and I am running a national

organisation. But the reason we do this is because for so long the owners' rights have been neglected. We are seeing great change. If we were not seeing the change that we are seeing, I probably would give up bashing my head against a brick wall, but at the end of the day we are seeing change and we are seeing consumer rights come to the fore.

There has been lots of industry bodies representing strata managers and developers and builders. There has been an indication that maybe there should be a working group formed. That working group represented only one body for the owners. If we are talking about fairness in this industry, we need to realise that people who are moving into apartments are faced with a lot of difficulties, such as defects and strata managers that are not complying with the act, who are not listening to them, who are not taking direction and who are not guiding them. It can become a really big issue with consumer confidence.

THE CHAIR: Picking up on what you mentioned around strata managers not complying with legislation, we heard a lot of evidence yesterday about training for strata managers. I would like to get your views on that, on what sort of training you think would get that consumer confidence back?

Ms Reece: I think it is more about the licensing so there has to be a level of competency. At the moment, you can open up a strata management company and you, as a licensee, can employ a whole bunch of staff. What they then do under you, ultimately, is your responsibility, but we can see there has been fraudulent activities and so forth by employees. That is why we are seeing some traction in New South Wales. They are actually revoking those licenses, which means they cannot work in that industry. So once it starts to become serious like that, people take it seriously.

When we ring up companies and say to them, like in the example that I provided—it is because we have that database and we are going to name and shame. I am not a government department. I do not have the ability to revoke their licence. But 95 per cent of the time we are able to resolve these issues within one or two phone calls or an email because we have an authority in our own right. A government agency, especially a commissioner who has a reputation for making things happen, would have a lot more clout than we do and then I could possibly then retire from this sector, because after ten years I am rather scarred.

At the end of the day it is about the right person in a role and having support. I have seen that there has been talk of 10 employees. I do not think that would necessarily be what you would be looking at. You are not a New South Wales, with all due respect. At the end of the day we do need to have the right person in that role and for a clear indication of what is acceptable and what is not. All you need to do is have a couple of very strong case examples which are public and I am pretty sure that the industry would take heed.

MR WERNER-GIBBINGS: In the submission, there are alleged examples of strata managers operating without commissions and that maybe this should or could become the industry standard. I think you used the word should. Can you provide examples of the model and what lessons can be drawn from those examples for this committee?

Ms Reece: Correct. So the insurance commission is paid for by the apartment owner, regardless of if it is seen as a commission or not, because what they do is they pay for the premium and the premium is therefore constituted for the commission. So it is a bit like having your paper cups with a ball, no matter where you put the ball—

THE CHAIR: They are going to have the ball.

Ms Reece: Right. They are still paying for it. I know, for example, one strata management company that got paid $100,000 commission for one building for placing their insurance. I know one of the largest operators in New South Wales is making $137 million from insurance commission. No wonder it is a lucrative industry!

You only actually pay the insurance commission if you are making a claim and only 10 per cent are making a claim. So the other 90 per cent are being paid the insurance commission and not doing any work for it. They are saying they are subsidising the lot owners by receiving that commission, but the lot owners are paying for it through their insurance. So at the end of the day—smoke and mirrors, however you want to say it—I get paid for what I do. I assume you do to. I do not get paid on the off-chance that I might do something.

What I am seeing now, especially in New South Wales, is a lot of the strata management companies are saying, "We will charge you the insurance commission but if we do not make a claim for you, we will rebate it." Or they are charging higher rates but the service they are providing is so good that people are actually still engaging them after one, or two, or three, years.

The insurance commission is a kickback and it influences the decisions about which brokers and which insurance companies they go through, Steadfast being a prime example. We had a relationship with CHU insurance. After the strata trap story last year we cut our ties with CHU and Steadfast. We refunded them their money. We do not want to do dirty strata. You can do clean strata. It means you have to be thinking outside the box, but everybody in this world, if they want to survive, has to navigate their way and be flexible.

MR RATTENBURY: If I can go back to your opening remarks, was I correct in hearing you say your recommendation is that commissions be capped at 20 per cent?

Ms Reece: Yes, because at the moment it is 20 per cent for the strata manager and 20 per cent for the broker, at a minimum.

MR RATTENBURY: Right. We have had quite a bit of evidence from people suggesting that it should be simply banned, for want of a better word.

Ms Reece: I would certainly encourage that, but at the same time, I am sure the industry would not. We did research in New South Wales when this announcement was made and we found that pretty much 30 per cent did not know that their strata manager was taking an insurance commission, and that 30 per cent were okay with the strata manager taking the insurance commission. But that showed us that there were still 68 per cent who did not want their strata manager to take an insurance commission. Because who are they really working for? Who is the client here? The lot, I know, is the client. Not

the insurance company. So therefore, you must always do what is best for your lot owners, not for your bottom line.

MR RATTENBURY: Except that the perverse incentive is the higher the premium, the higher the commission.

Ms Reece: Of course. And what happens is—you are meant to be undertaking an evaluation of a building every three years—we are seeing strata managers falsify minutes at an AGM. I have been present at an AGM, seen a strata manager falsify minutes to get an evaluation of the building done so the insurance premium goes up, even though they did an evaluation the year before, so that their commission can go up.

MR RATTENBURY: Can I turn to the issue of training for executive committees? You made an observation in your submission that it should be mandatory. This has been quite a point of discussion in the evidence so far.

Ms Reece: I am sure.

MR RATTENBURY: I am interested in why you have landed on the mandatory side. Others have argued that this might discourage people joining the EC.

Ms Reece: They were already discouraged from joining the EC. I would prefer they get paid to be on the EC quite frankly, because it is a sitting fee. Like if you are on a council or if you sit on a board, you get paid a sitting fee. I would like to see that. I would like to see a pool of talented OC kind of executive committee personalities that could be brought in to an executive committee if they are lacking the skillset. You need to have a treasurer. You need to have somebody who understands finances. You need to have someone who understands governance. That is meant to be your strata manager. If you are not getting that guidance, then who on your executive committee is providing that intelligence?

For us, people often join the executive committee and they have a personal vendetta that they want to see play out. I have seen residents, many times, trying to bring something to the executive committee where they have water ingress and mould and all kinds of things and it becomes like, "You are a troublemaker," because they are asking for their rights, which is when we get involved. We attend an AGM, where we get 25 per cent of the owners together and we call an EGM, right?

This should not be about disempowering the owners. Our research shows us that people living in apartments are professionals or managers, or retirees who were professionals or managers previously. They are used to making executive decisions and when they are thwarted they become outraged, and rightly so.

MR RATTENBURY: I gather from your submission and the comments you have made that you represent the owners. I appreciate the statistics you provided in your submission about the number of people and all those kinds of things. I am interested in the issue of renters living in strata and their ability to be heard, to have a voice, to understand what is happening in the strata. Do you have any reflections on that in light of who you represent and your experience in the sector?

Ms Reece: Well, we represent the rental sector as well. I do think you should have—if you do not have enough for an executive committee of owners, why would you not have the renters on executive committee? That is happening in New South Wales at the moment. It is very kind of—I guess, some might say radical. I consider it inclusive.

MR RATTENBURY: It is two sides of the same coin.

Ms Reece: Right. I think at the end of the day, if you want to have a harmonious community, and we are big fans of harmonious apartment communities, it means everybody in that community counts. Their voices should be heard and be respected and be reflected in the decisions that you make. An executive committee always makes the best decision for the building and their community. Sometimes that is a hard pill to swallow if you have to pay for defect repairs and you do not want to pay for it, but the role of the executive committee is to always do the best thing for the building and their community.

MR RATTENBURY: Did you say it is now law in New South Wales that renters can be on that EC?

Ms Reece: Correct.

MR RATTENBURY: The other proposal, we have heard through here, is possibly giving each unit two votes. If it is an owner-occupier they get both of them or if it is a rented premise—

Ms Reece: Why would you discriminate?

MR RATTENBURY: I am just reflecting the propositions that have been put to us.

Ms Reece: I think if the owner of the apartment turns up, you might have an issue with the renter, right? The owner of the apartment obviously has the legal right to do that.

MR RATTENBURY: Yes.

Ms Reece: But the owner could give the proxy to the rental situation. Regardless, they should still be able to attend the AGMs.

MR RATTENBURY: We are just testing the various propositions that have been put to us.

Ms Reece: I am pleased to hear that.

THE CHAIR: We are now at time. On behalf of the committee, I would like to thank you for your evidence today and all your conversation. Please feel free to stay, or you have a lovely day.

Ms Reece: Thank you. I appreciate that.

Short suspension

AMIEL, MS ELISABETH, Member, Executive Committee, Owners Corporation Network
BOCKING, MR DENTON, Member, Owners Corporation Network
ECKERMANN, MR ROBIN AM, Member, Executive Committee, Owners Corporation Network
PETHERBRIDGE, MR GARY, President, Owners Corporation Network

THE CHAIR: We welcome witnesses from the Owners Corporation Network. Please confirm the capacity in which you appear.

Ms Amiel: I am the members' services person on the OCN executive.

Mr Eckermann: I am on the executive committee and I chair an environmental sustainability working group.

Mr Petherbridge: I am President of the Owners Corporation Network, and I started it in 2008.

Mr Bocking: I am here primarily as chair of the executive committee for the Eldon units, which is a block of units. I am also a member of the Owners Corporation Network committee, and a member of the committee of the Partnership of Executive Committees in the City, known as PECC.

THE CHAIR: Thank you. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. If you wish to make an opening statement, please keep it to one to two minutes, as we only have a short time to ask questions.

Before we begin, does the committee wish the supplementary submission to be received and published?

MR RATTENBURY: Is this a supplementary submission or is it an opening statement?

Mr Petherbridge: It is an opening statement. I will highlight what it says. The effective operation of strata homes is a significant issue for the ACT government. The sector provides the affordable homes that are needed. Proper management of this sector will have a positive impact on the cost of living for many in the Canberra population. It is significant relative to the housing crisis that is unfolding right now, and that everybody knows about.

Some 60 per cent of ACT electors are already live-in owners of strata homes, renting strata homes, investors in strata homes or part-owners of strata homes through the bank of mum and dad. The government has just announced, as part of the latest budget, that 91 per cent of housing approvals over the next five years will be multi-unit home developments. The number of apartments and townhouses that require unit-titled strata legislation and properly managed environments is increasing astronomically. Only yesterday, or maybe this morning, the Braddon people were here, and they talked about 95 per cent of places in Braddon being strata. So it is massive.

This announcement highlights the need to address the issues in strata. The rates and land tax revenue in the budget from multi-unit homes is also significantly greater. I have some budget numbers there that show that a detached house pays about one-third the rates of a similar value property with UCV in a unit titles establishment. Rates in strata are significantly greater—three times the amount of what you pay in a detached house. I can give you the evidence, if you want.

What I am saying there is that the revenue coming from the strata sector should be able to support much better services than we have had over the last 20 years. I think there is a lot to catch up on.

With the very large majority of submissions that I have been listening to over the last couple of days and looked at over the last few weeks, there are four things that come out. First of all, the creation of a strata commissioner is absolutely essential, but it needs to have independent power to report to the Assembly on problems in the strata sector and to advise on solutions, and have the power to provide an ombudsman-type function, and an administratively formed Agents Act, so that licensing and everything is done properly, and much better than is currently done by Access Canberra, who excludes any knowledge of strata, as I think was illustrated a couple of times yesterday by various people. They asked questions of the Access Canberra people about strata, and no-one gave them an answer. They were told to go to the gaming area or something, but it was not to do with strata. So there is a real problem.

I refer also to the enforcement of the codes of conduct for strata managers and for EC members, because not all EC members are perfect. I think that both need to be addressed. All the roles laid out in our submission and in a recent newsletter that we published, at article No 3, should be carried out. I have provided you with a link, on the publication I have given you, if you want to look those up.

These roles will replace the need for resources in Access Canberra. Currently, there are 114 people nominated as full-time equivalents in Access Canberra. That is in the document that gives the financials, for $158,000 to be spent over the next two years. It highlights the 114 full-time equivalents. If those people were moved into a strata commission, there is one way of resourcing it. There are also people in EPSDD, JACS and various other places that could be put into a commissioner's office.

We need improved education to be developed for EC members to enable them to effectively perform their significant tasks. There are strata guides, which I saw people portraying to you yesterday. I have them here again today, if you want. That would be a good start. They need to be updated, because they were written in 2018. The OCN was largely responsible for the content in those guides, even though they are published by the government. There is a start to education there.

There needs to be improved education for strata managers. Strata managers need a career path. If you look at the increase in the number of strata managers over the last few years, they have grown from two strata managers to about 17. A lot of those new ones have been small companies that have been set up and are doing a good job. There are ways and means whereby you can create not only a career path for strata managers but also a way that they can have some aspiration about where they might go in the

future—even setting up their own small business, which could provide quality that is not quite there now.

I am not negative about strata managers in Canberra. I think we need them. I think that, in Canberra, they do not do a bad job. I reflect on some of the comments from the previous speaker. I have been here for the whole 17 years. I know what they do, and I can see that they are improving. I am a local Canberra person and I can envisage what goes on in the sector.

No 4 is the reform of the legislation. It is old; it needs to be redone. That includes not only the Unit Titles (Management) Act but the Unit Titles Act. Both things need to be looked at and revised.

Finally, the OCN submission addressed significant support for the environment. Unfortunately, not many other submissions made a big point of it. I think that is disappointing, because there is a lot to be done there. So many people are seeing that they are being caught up in other issues, like combustible cladding, defects generally and the rates that I talked about. So many other issues are bad for them that they have not focused on how they go forward for the future of our environment. That is a significant point that needs to be addressed. As I said, it is unfortunate that people have not focused on that. The reason is that they are looking at what needs to be done today.

THE CHAIR: Mr Bocking, my first question is for you. You mentioned that you have been on the same executive committee for 20 years.

Mr Bocking: That is right.

THE CHAIR: Can you tell us how the strata landscape has evolved? What are some of the changes that you have seen in those 20 years and what are your biggest asks?

Mr Bocking: As Gary said, the number of strata companies and the strata industry in general have grown a lot. When I first joined an executive committee, it was about 2002, and there were only a couple of strata managers in the ACT at that time that I was aware of. The one that we were dealing with was appointed by the developer.

There is the expansion of the number of people, and the number of people employed by the strata manager. Our initial strata manager was a relatively small company and very hands-on. More recently, I have been dealing with people who are often only in the job for a couple of years and then move on. That has been a change that I have noticed.

A lot of the issues are still very much the same. Looking at maintenance, for instance, and managing things like that is a big part of the work that I do, chairing the executive committee.

MR RATTENBURY: On page 3 of your submission, under the "strata commissioner", you note with alarm the proposed budget for that position. You have indicated that you do not think it is adequate. What do you think would be adequate? In your vision, how would a strata commissioner effectively—

Mr Petherbridge: If you have 114 people, full-time equivalents, it is a lot more than

$158,000. If you move them, that would be a great start.

MR RATTENBURY: Where do the 114 FTEs come from?

Mr Petherbridge: The FTEs are in that same document that talks about the $158,000 per year. The same document, on the back page, talks about the fact that there are 114 full-time equivalents in Access Canberra. Because it is within that one document, the implication is that it is related to strata. It is probably not, but that is the implication given by having it included in that document.

Nevertheless, in terms of answering your question, maybe that $158,000 is to define what is needed, rather than to do the job. To do the job, it might turn out costing $10 million or something. New South Wales is currently running with something like a $10 million budget. I do not really know the number that needs to be there, but it is significantly more, because we are not just talking about a commissioner; we are talking about an office of the commissioner. Therefore there needs to be staff within the commission.

With an Integrity Commissioner or anything else, you do not just talk about an Integrity Commissioner; you talk about an Integrity Commissioner with an office. The whole idea of having a strata commissioner paid a minimal amount and having it as a class 6 type public servant will not work. It would be useless.

The promise that was given at that pre-election forum that everyone supported, that there would be a strata commissioner, needs to be taken seriously. The number of issues that you will have seen in the submissions highlight the problems that we are facing, and the fact that, in 20 years, we have had the revenue coming from strata, but we have not provided the support to strata that it needs, as part of housing for the ACT. It is now heading towards 60 per cent of people who live in the ACT having something to do with strata.

MR RATTENBURY: As you have seen, one of the issues that has come up over the last day or so—and there have been quite diverse views—is when it comes to executive committee education, and whether it should be mandatory or voluntary. You seem to have fallen on the side of compulsory or mandatory. Do you want to elaborate on your views on that?

Mr Petherbridge: One of the things that we also put in our last newsletter was the fact that it is very hard to mandate volunteers to do things. The first step is to sell the idea of why they need to be educated. That means creating value for the property that they are looking after. That becomes a selling tool for the value of the property.

A well-managed property, with a good EC and a good strata manager, will create value, in the same way that people look at an environmental statement within the ERP-type thing. It could be one page that people look at when they buy something. They could also look at something that certifies, "This place is well managed." It adds value because, if it is well managed, it will be worth more, because people will buy into something. They will have confidence in buying into something that is better managed than something that is not. That is one step towards addressing the mandatory issue.

I have heard several times over the last couple of days that, with volunteers, in many places, whether they are doing child support or whatever, there is a minimum level of education in many organisations. I think strata should be the same.

There are ways and means of doing a small amount of education that would make a difference. You might have seen the document to do with strata management that was provided in 2018. There is a lot of material already there that is a form of education. But the real estate agents do not hand it out, so no-one knows it is there. If you try and find it at Access Canberra, you will not find it.

One of the submissions provided a very good solution to short, sharp education. There is one submission that does it. I think they were a company called Arcsite. That is the only one I have seen, in the whole 125 submissions, that gives something substantial regarding education for ECs. It is worth reading. It breaks it down into small modules, and the modules relate to things like legal, building quality, running EC meetings et cetera. That sort of education, combined with the documentation that you already have from Access Canberra, on which OCN provided most of the input, could provide a way to support mandatory-type education, as well as selling the idea in the first place. I think it is about having a combination: lead them towards wanting it but mandate it a little bit as well.

MR RATTENBURY: In that part of your submission, you talked about legislation that was before the New South Wales parliament. Your understanding was that it was stalled. Do you have any update on that New South Wales legislation and what implications it might have for the ACT?

Mr Petherbridge: I will have to take that on notice.

MR RATTENBURY: It is the first I have heard of it, and I was interested in understanding what might be coming.

Mr Petherbridge: No, I do not have an update on it. The last speaker might know the answer to that.

MR RATTENBURY: We can have the secretariat look for it.

Mr Petherbridge: We will follow that up for you, if you like.

THE CHAIR: Thank you. Mr Braddock, do you wish to ask a question?

MR BRADDOCK: I do. I want to dive into the funding of environmental sustainability initiatives in your submission. You provided the idea of OCs having loans from their sinking fund. The UTMA is currently silent on such an arrangement. Is it a case of that legislation being required to be amended to ensure it addresses that or is it more about the interpretation that needs to be applied to this?

Mr Eckermann: I think that, where it is silent, it would be beneficial if it were clarified and made clear what could and could not be done, because there are some circumstances where it would not be appropriate to raid the sinking fund, when there are other priorities looming.

With the building that I was in, for example, in the early life, you have a sinking fund that will grow to a million dollars, and it was practical to borrow for four years, repay with interest and have no impact on the ability to afford those longer term upgrades. Some guidance in the legislation would be helpful.

MR BRADDOCK: The availability of funds over the period of time in which it will be paid back would be key criteria?

Mr Eckermann: Yes, and the risks associated with paying back. Again, in the case of our building, there was a commitment to pay back $30,000 a year, based on approximately $30,000 in electricity savings a year.

MR BRADDOCK: Jumping to the next section, where you talk about EV charging, you suggest that there need to be legislative changes to clarify or resolve the issue in terms of owners corporations potentially charging tenants for electricity for EV charging.

Mr Eckermann: Yes. Again, there are some words in the UTMA about recovering the costs of sustainability measures, but it is not very clear where that line would be drawn. With a typical model, where you have to charge off common power, you can demonstrate very easily that you can recover the up-front costs, which are non-trivial, with a combination of a per-kilowatt-hour surcharge and perhaps an annual connection charge, and maybe a little bit per unit, but biased towards a user-pays principle.

It is a little bit uncertain whether someone could take issue with the owners corporation charging, say, 4c a kilowatt hour surcharge—whether that is running a business. In the longer term, you might continue to recover that 4c long after the initial infrastructure is paid for, but in anticipation that there will be refreshes and upgrades down the track. It should be made clear, I think, in a legislative overhaul, that that is quite a legitimate thing, and it is not running a business.

MR BRADDOCK: Do you have a vision as to what those legislative changes would look like, or are you just seeking clarity?

Mr Eckermann: I think there is a need for a quite widespread refresh and a critical look at it with a few stakeholders that are conscious of the sorts of problems that have emerged. Libby deals with a lot within the OCN where some clarity would avoid disputes and uncertainty.

MR BRADDOCK: Are these legislative shortfalls or restraints actively restraining the ability of owners corporations to install these measures?

Mr Eckermann: I believe they are. There are lots of other factors. On the environmental front, perhaps the two big things that present challenges are finding models for how to solve certain problems, like replacing gas hot-water systems, which is hugely expensive. In a large building, that might be a $1 million or $2 million expense. But how to plan it and what to look for are pretty much unknown. We have welcomed the government's electrification study that is looking at seven buildings. Hopefully, it will publish the findings widely, to light the pathway for other OCs.

The other big challenge is funding, because you are working in a collective voting system and nobody will vote to spend a million or two, or commit to a loan of that amount, when they have hot water today and they will still have hot water tomorrow. The tempting thing is just to keep pushing it into the future.

The availability of loans would be tremendously helpful. In most cases there is a very credible path to repay them over a period of, say, 10 years through various savings, whether it is surcharges on EV charging or, in the case of buildings that only have gas hot water, every single unit is paying a daily supply charge. In the particular building I am in, that is worth $80,000 a year, so if you multiply that by 10 years, if you can save that across your owners, you have the basis of a very credible repayment plan.

MR BRADDOCK: It is just about getting the loan at the appropriate interest rate that is not—

Mr Eckerman: Yes, something that is not too extortionate.

Mr Petherbridge: Robin and Denton are both part of an environmental sustainability working group that we have already set up. We will also set up a finance governance and legislative reform working group. That will probably be run by Libby. In that way, we will be looking in more detail at how we look at these finance-related issues. Watch this space, if you like, in terms of where we are heading with some of the things that we are doing.

THE CHAIR: We had conversations yesterday around owners not being able to enforce house rules. There have been conversations around moving that responsibility from owners. I want to get your view on whether, for the people you represent, that is your view as well—that owners are unable to enforce house rules, and whether that function needs to shift. If it does, who could be responsible for doing that?

Ms Amiel: I keep finding that owners do not even understand that there are provisions in the act that enable them to take enforcement action now. When that is done, it is not done in accordance with the legislation, because it is a very prescriptive provision. The executive committee has to form a view; that is the admin law requirement, and then everything follows from that.

Regularly, enforcement action is not done in accordance with the act. Owners corporations do not even know they have the power. In some cases, as was raised yesterday, where you have commercial units involved, you are in different territory. The strata commissioner, as part of the mediation-type role, would certainly have views on how that is done. But the average owners corporation do not know about it, they do not do it, and they are very surprised when they discover that they have a power.

THE CHAIR: Are you of the view that they would be comfortable doing it, if they were aware of that power?

Ms Amiel: Yes. For the ordinary, up to 100 units not involved in mixed use, yes.

THE CHAIR: If it is more complex, that is perhaps something that the strata

commissioner could deal with; is that your view?

Ms Amiel: That the strata commissioner would initiate? No. It becomes a very complex process for the commissioner to initiate an enforcement of rules. The commissioner would certainly play a role in saying, "Excuse me, there is a rule and you can't ignore it," but to initiate it—

THE CHAIR: When there is a conversation where there is a mixed-use arrangement, I think you mentioned that it would probably be difficult for the owners to enforce their house rules in those circumstances.

Ms Amiel: Witnesses yesterday told you that; but, in those circumstances, a properly resourced commissioner would have power to compel mediation, at which the commissioner's staff would say, "You have these sets of legal obligations. You are not fulfilling them."

THE CHAIR: Thank you; that is really useful to know. Your submission and some others propose a standard management contract that has a more balanced term. What are the main issues at the moment with the current contracts signed by owners corporations?

Ms Amiel: The termination provisions are entirely unequal. The standard SCA contract that a lot of the managers use and the other non-standard contracts do not really have any obligations for the manager to perform. The contract is about how much the owners corporation will pay the manager and over what period of time. It is a maximum of three years. The manager does not actually have to perform. If the owners corporation does not pay their quarterly or monthly amount to the manager, the manager can sack the owners corporation. Many managers sack owners corporations on a routine basis, but Sam raised the case of a manager fighting not getting a rollover of their contract, which is not actually a lawful provision in the contract.

THE CHAIR: Thank you.

MR RATTENBURY: Did I hear you correctly: you said that the strata manager frequently sacked the EC?

Ms Amiel: Yes.

MR RATTENBURY: What are the sorts of circumstances in which a business would dismiss a client? I am not trying to get gory examples, but most businesses do not ditch their clients.

Ms Amiel: A perfectly rational response. When an EC is trying to defend the right of owners against a manager, there are circumstances where the relationship falls apart. In a number of cases, it has simply been an email from the manager to the executive committee, saying, "We're not happy with your performance. We're out of here at the end of the month."

Mr Petherbridge: Also, some managers have been known to actually appoint themselves, via an AGM that they control, for a new three-year period. That has

happened as well. All sorts of strange and, you would think, illegal practices go on. They are exceptions, but they do happen.

MR RATTENBURY: It was in your submission or I read it somewhere else—and you were just touching on this—that, in one direction, the owners corporation needs to give three months notice, but, in the other direction, the strata manager can give none or not very much,. That would presumably leave the owners corporation in the lurch.

Ms Amiel: Yes.

MR RATTENBURY: Is it your view that there should be a minimum period of withdrawal?

Ms Amiel: In order to collect all the documentation and finalise the accounts. You will regularly find one strata manager complaining that another strata manager has handed them a lump of paper and unreconciled accounts, and that sorting out the accounts and setting them up again on a new computer system is taking months because the accounts are in a mess. The accounts being in a mess was probably one of the causes of the breakdown of the relationship in the first place.

MR RATTENBURY: In that vein, we had a proposal from one submitter about having a central document hub. They made the observation that, whether it is between changes of strata managers or changes of ECs, important documents are lost around how the building works, historical records, and the like.

Ms Amiel: Absolutely.

MR RATTENBURY: Do you think there is a role to provide something like that central document hub? Do you think it would be valuable?

Ms Amiel: Yes.

Mr Petherbridge: Yes; absolutely.

MR RATTENBURY: For what purpose? Aside from the obvious, are there particular things you think it would need to do?

Mr Petherbridge: It gives the owners corporation control of their assets, which includes their information, their finances, and everything else. They need to have control of that so that they can then make decisions. If they want to, for whatever reason, change from one manager to another, they are in control to take it and move it; they are not beholden to the strata manager to do the right thing. That all goes back to the contracts. The contracts are too loose and they are in favour of the SCA. I am not criticising the SCA; they are business people and they are doing what they can to make a dollar, so I can understand why they do it, but I am not sure it is right.

Mr Bocking: Could I comment on that too, Shane? I am in the process of changing strata managers right now. One of the issues that you just touched on is the transfer of data, records and so on. There is a company now in Canberra—I noticed they made a submission—and they are setting up databases for recordkeeping that will be accessible

by the executive committee members, not just the strata manager. At the moment, these sorts of documents are held by the strata manager and available to some extent through portals, but on a transfer I am not quite sure what we are going to get. That is an area that really could be strengthened and would be very valuable.

Ms Amiel: For example, one owners corporations I was dealing with were not sure whether they were class A or a class B. I said, "What does your title document say?" The manager did not have a copy. A couple of owners were able to get copies out of their own records. A fundamental document was missing from the manager. Nobody had it.

Mr Petherbridge: I made reference to the education capability that was offered in one of the submissions. I think the same company also provides the capability to provide the documentation et cetera. That is something that we have been looking for, and they are the only company that has come up in the last year with solutions to those issues. Their submission is in the list of submissions. I will not name the company, but if you want to ask me privately later, I will tell you.

MR RATTENBURY: Thank you.

Ms Amiel: A number of owners corporations have set up their own document history websites themselves as a way of keeping it.

MR RATTENBURY: I have seen those, but presumably, if you change data managers, you will lose access to that proprietary document.

Ms Amiel: Yes.

Mr Petherbridge: Not necessarily. It could be on a Google drive or something that the owners corporation subscribes to. That is a trivial solution to it.

Ms Amiel: Yes. My owners corporation did that. We have nearly 50 years of history.

Mr Bocking: The system that I have been looking at, which is the one Gary referred to, has a lot of functionality, such as ability to generate reports and so on, which will lead to a lot of efficiency. It has a lot of potential in that sense.

Mr Petherbridge: There are solutions out there that the community is looking at providing.

MR RATTENBURY: Thank you.

MR BRADDOCK: I will come back to your description of ACT government feasibility studies into EV charging infrastructure, which you criticise as requiring a "big bang" approach. What would you seek from the government in future programs to encourage the uptake of EVs?

Mr Eckermann: Two programs have failed—well-meaning programs. They failed because they, I guess, conflated social and environmental objectives. The social objective was to make sure tenants were catered for. That is very legitimate, but the

way it was done in the case of EV charging was, as I call it, a "big bang" rollout. It passed every car space on day 1. It was totally misaligned with the uptake of electric vehicles and it inflated the cost to between three and six times what a sensible progressive starting point would be, and, as a result, nothing happened. There was no progress on implementing the solutions, so you did not achieve either the social or the environmental objective. So, whilst I fully support the need to look after tenants, it has to be a very nuanced approach that does not kill the environmental objective.

The same happened with the solar scheme. I think it required 60 or 70 per cent of the energy to be delivered to individual apartment owners, so that the renters got the benefit. That turns out to be technically impractical in many larger buildings. A lot of larger buildings that could have deployed solar and applied it to their common-use power are doing nothing because that particular objective negates the whole proposition.

MR BRADDOCK: If it were purely for the body corporate, as part of its electrical needs to keep the complex going, that was not covered under that scheme?

Mr Eckermann: That was not covered. If you just apply it to common-use power, it goes to all the owners, some of whom may pass it through to the tenants. Ideally, in a competitive environment, they would because they have achieved a saving on their levies through a reduction in common power, but there is no guarantee it would be passed through to a tenant. That was the issue that the government was trying to get to by requiring energy be delivered to each individual apartment, but it was just not practical for many buildings.

MR BRADDOCK: Thank you.

THE CHAIR: I have a question, Elisabeth. There have been conversations around having a points system—conversations around an inclusive environment for renters. There has been a conversation about owners having one point and the renters having another point. I want to get your views on that proposal.

Ms Amiel: Having been a landlord to renters who did not fulfil their requirements under the Residential Tenancies Act—I think that is about the most diplomatic way I can put it—the idea that those tenants somehow participated in decision-making becomes difficult. I think New South Wales has gone to tenant representatives. To achieve that, you will have to change section 120 and section 119 to enable a tenants group to be formed. There is still a lot of resistance on the part of managers to owners and other residents having free access to one another. There is even section 117, which goes to the owners right to get contact details for executive committee members. Many managers avoid doing that: "Oh, no. Just talk to us and we'll hand it on to the EC," massaged. You have that internal communication issue which would need to be resolved to enable renters to deal with one another and come up with representatives and that sort of thing. It was considered in the 2020 round of amendments and the roadblocks mounted to the extent that it was put aside for further consideration later.

Mr Petherbridge: Could I reinforce that? Strata managers, in some instances, take control over the people living there. It is in the legislation that renters and people in residences are supposed to be notified to the EC. They are not. So the strata manager is non-compliant in not doing that. It goes back to the whole idea: we are in favour of

renters being involved. Long-term renters have much to offer. I heard earlier that they could maybe be a member of an EC. Sure; that could work if the long-term renters have just as much interest in where they are living as an owner might. In fact, they might even be better than some of the owners. There is a lot to be done. The strata managers have often used the issue of privacy as an excuse not to let people. They are all part of the community. We want to see communities. We want to see the renters and owners all together. In some places that happens, but often the strata manager is the one who is preventing it happening, because they do not want people to be together and doing things. I think there is room for that sort of encouragement—for renters to be part of the establishment, if you like. There is room.

THE CHAIR: Thank you.

Mr Bocking: Could I make a comment. I am a landlord. I have been a landlord for 20 years. I have four units and I manage them myself, and I have dealt with dozens of tenants. I cannot recall one tenant who expressed any interest in participating in these sort of decisions. Most of my tenants have been international students and they are just focused on a place to live. That is not to say they should not be given that opportunity, but I do not think they would be able to contribute much to the management of the property. They are certainly open to talk to me about problems, if they have maintenance issues—for example, mould in a unit or a defective laundry, or something like that. Perhaps there is scope for them to have access to a page on the owners corporation portal so that they can see things that would affect them and can comment on those. It certainly has not been a big issue for me.

THE CHAIR: I am very conscious that we are running on time. On behalf of the committee, thank you for your attendance today. No questions were taken on notice. Thank you very much. You are welcome to stay. Otherwise, have a lovely day.

Mr Petherbridge: Could I make a couple of very brief extra comments?

THE CHAIR: Yes.

Mr Petherbridge: You did not raise insurance with us. We are very supportive of greater transparency in insurance. That is one point. I noticed yesterday that a number of people were confused about As or Bs. The documents that were produced in 2018 are very clear on what As and Bs are. The material is there. The answer to that is there. The other thing was about when you can use a building management statement to create equity. That legislation changed. It happened a few years ago. It enables another way to create user-pays principles for things like water or a greater amount of electricity or whatever being used by commercial premises. There is a way to do that and it is within the legislation already. I was a bit surprised that some witnesses did not know that those opportunities existed. That is all. Thank you.

THE CHAIR: Thank you, Gary.

Ms Amiel: Regarding insurance excesses, I would commend all of you to read the very last submission. It was lodged late. It is a harrowing story and it is an issue that needs to be dealt with in the legislation.

Mr Petherbridge: Some are creating the mental links people have, and I heard about it yesterday. There are some bad situations. In the last three weeks, while Libby was away, I was handling the members services stuff and I saw two dramatic situations where people were seriously affected mentally. One lady was supporting her paraplegic sister and she was being harassed by her fellow owner, because it was a duplex. In terms of the missing middle, we are going to have hundreds of duplexes, so the problem is going to be expanded enormously.

THE CHAIR: Thank you very much, Gary. Thank you for those final comments.

Short suspension.

JOHNSTON, MR ANTHONY, Business Manager, Link Strata Management
O'MARA, MR DOUG, Chairman, Civium Property Group

THE CHAIR: We welcome witnesses from Civium Property Group and Link Strata Management. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. If you wish to make an opening statement, please keep it to one to two minutes as we have a few questions for you today. Would you like to make an opening statement?

Mr Johnston: Other than what is covered in our submission, I am not sure that I need to add much more.

Mr O'Mara: I am sure you have heard enough briefs. You do not need another one.

THE CHAIR: Thank you. We will proceed to questions, then. A big issue that has been raised in this hearing is insurance kickbacks. I want to hear your views on the purposes of those kickbacks or commissions.

Mr O'Mara: Could I start by commenting on the word "kickback". I find that quite offensive from a strata management company's perspective. Our firm—I cannot speak for Anthony's—has always disclosed a commission arrangement. If you have read our submission, you will have seen that the business has evolved as a sector since the early 1970s. There have been variations in the types of services we have provided over the years. Some of that has included insurance commissions or rebates, which often offset our ability to provide a lower base management fee for our clients. Essentially, that has been the business model since, I would say, the mid-80s to the early 90s, when insurance services were required to be provided to our clientele.

THE CHAIR: What purpose did the commissions serve?

Mr O'Mara: We have four or five people who work internally and provide insurance services to our clients. We seek quotations and we process insurance claims and, for those services, we are provided a commission from the insurance companies. We have disclosed those forever as fees that we receive from third parties. I would not see them as "kickbacks". A "kickback" would suggest that we are getting a secret commission, if you like, and that is most definitely not the case.

THE CHAIR: Thank you.

MR RATTENBURY: In that vein, one of the concerns that has been put to us is that, where there is a commission for an agent, there is no incentive to seek a better deal, because, obviously, the higher the premium the higher the commission. What would be your response to that?

Mr O'Mara: My response to that is that we go to the entire strata market every time. I cannot speak for all, but I can speak for our company. We go to the entire market. Sometimes we have to go to London to try to source quotations to place cover where

cover may be very difficult—for things like a combustible claim and those types of things, where we cannot find insurance cover from insurance companies onshore. As part of policy, we go to the entire market. Not everybody will agree to quote, for various reasons. I will give you an example. There could be a tobacconist on the ground floor of an apartment building—

MR RATTENBURY: We heard that example.

Mr O'Mara: I could use others. It could be—

MR RATTENBURY: It is a legitimate example. It has been directly presented to this committee.

Mr O'Mara: Absolutely. In other types of buildings, there could be a mechanic or someone producing substances and those types of things. They have adverse impacts on insurance. It often makes it difficult to place cover. If you had an external provider providing those services, it is very important that they are across uses within buildings without necessarily knowing who is using them, the claims history and all those types of things. It is quite risky to have a third party or an executive committee member, for that matter, who is not well-trained or qualified to provide insurance services, exposing a body corporate to potential non-payment of claims in the event something occurred. Does that make sense?

MR RATTENBURY: Yes; thanks.

MR WERNER-GIBBINGS: This is for Civium. Your submission highlights challenges we heard about yesterday in mixed use buildings, regarding insurance and cost allocation, and it mentioned the New South Wales legislation, which allows the cost to be on-charged to responsible units.

Mr O'Mara: Yes.

MR WERNER-GIBBINGS: You mentioned this. Do you have experience in the New South Wales system and its efficacy? Is it workable; is it feasible? Would it be beneficial for us to consider it?

Mr O'Mara: Most definitely. I made reference to that. Our business is not just based in the ACT; we have exposure to other jurisdictions. We have offices in Melbourne, Sydney and Brisbane. Those types of opportunities should be explored in our regulation, if we were to adapt it.

MR RATTENBURY: Amongst the things you identify as challenges facing the sector, you talked about formal education: "Minimal training courses and educational organisations preparing suitably qualified personnel for industry." Given the growth of the industry, it seems surprising to me. It seems like there is a business opportunity out there for somebody. Why has that not come about, in your view? What is your take on why?

Mr O'Mara: We can probably look at the people who come through our business. We have been established for quite some time. People committed to the industry do not

come from an educated background, so we often have to train them ourselves. The number of new entrants in strata management each year in the ACT does not justify a course that would be commercially viable in the long term. If we added up the industry participants, we would have, I assume, about a quarter of the strata market in the ACT. We would have 15 strata managers. There are probably 60 and, maybe at a push, 80 or 100 in total. If you are bringing in 20 or 30 each year, I do not know that it would be commercially viable.

We have had discussions with the ANU and UC about developing courses. There just isn't the scale to support a course that could be developed outside of, potentially, an industry association like the SCA. It would have to be tailored to our jurisdiction. I know they offer courses in other jurisdictions because they have greater scale.

Mr Johnson: Also, there is a lot of training and education that we do internally. We do a weekly training session. A lot of it is about self-skills on quite specific things. For instance, unit titles talk about common property and we can say, "That's good," but, when something branches off the common property, it is not common property anymore, so where does it stop and start? That sort of stuff is really difficult to put into a course. We have a session where we pick a topic and then our managers ask, "Have you done something this week that is a bit out of the ordinary? We can discuss it with everyone else so that we can all try to learn together." Unit Titles X is good, but there is a lot of grey in it.

MR RATTENBURY: You have led perfectly to the next question I want to ask. Mr O'Mara, your submission talks specifically about mediation and conflict resolution—assisting and resolving disputes between lot owners. That is a pretty tricky space.

Mr O'Mara: Most definitely.

MR RATTENBURY: I am interested in your experience in this. Regarding the way government thinks about these things, it is about the power you are using to resolve disputes and how you navigate your way through very difficult situations.

Mr O'Mara: It is very difficult. We had our boardroom table broken by two fighting committee members. Whatever you could dream up, we have had to deal with it. It is not easy, and it is not easy as a strata manager to deal with those situations. To Anthony's point, we have a range of soft-skills, but we also have quite technical skills. Someone generally with a soft-skill is not necessarily a good accountant, and someone who has good core technical skills does not necessarily make a good dispute resolution type person.

Mr Johnston: Every day we are dealing with difficult people. It does not matter what job you are in; it is the same situation. We are all just trying to work through it. One of the things that we have adopted with our 100 clients is one face-to-face meeting; the rest is on Zoom. I have never had my boardroom table smashed, but we have had lots of issues that you do not really want to involve your staff with. We use Zoom as a work health and safety thing, because staff are sitting at home or wherever—in the office—and they are away from it. People tend to act a little differently over a video type environment. We try to work through that, but it is difficult and it is a really tough part

of what our staff have to put up with.

Mr O'Mara: There have been circumstances where a strata manager has been shot by an angry unit owner in a strata meeting.

MR RATTENBURY: Not in the ACT?

Mr O'Mara: No; this was in Sydney. In our experience, we have had ladies jumping a fence to get away from someone. To Anthony's point, it is our preference too: the client needs to come first and we often have to attend areas that are probably are not as safe as they should be for our staff.

MR RATTENBURY: That is very interesting. In that context, a lot of the discussion about the role of a potential strata commissioner has been in the dispute resolution space as well.

Mr Johnston: The tribunal, ACAT, is good at that sort of thing. That is what it is designed for. In my submission, one of my concerns with a strata commissioner is that they will be inundated. There is the number of phone calls we get on a daily basis from people who do not really understand and they want to vent. They have bought a unit and they probably have not done their due diligence. It has water leaks or whatever, and then, all of a sudden, the strata manager is the perfect person to yell at to try to work through some of those things. The poor old strata commissioner, if you get one, is going to be smashed. You will need to really resource them up just to deal with that.

MR RATTENBURY: I was really interested in your submission. You pointed to ACAT for resolution, but ACAT has a quite formal environment and there is potentially a lot of expense involved. You are potentially having a member of an owners corporation taking another bit of the owners corporation to court.

Mr Johnston: Yes. I actually prefer that approach. Going down that approach has to be considered. For instance, I have an issue going on at the moment. Someone allegedly put some of that expanding foam down a pipe. The pipe is blocked and the poor person upstairs cannot get water off his balcony. We are trying to get it resolved. The committee has said, "We'll pay for it to get it fixed," but the owner does not want to let the person in. We are doing everything we can to try to resolve that issue, but, as I said to them this morning, "You may have to go to the tribunal and that may be a big enough stick to allow access," because people do not like that formal process. That is just a normal day in our office—that sort of stuff.

THE CHAIR: Thank you. I want to quickly go back to the issue of commissions. Mr O'Mara, you mentioned that sometimes you have to source insurance outside of Australia. What is the issue with insuring buildings here in the ACT?

Mr O'Mara: It is not necessarily just the ACT. It is broader than that. There could be ongoing construction issues. It could be combustible cladding. Examples have been well journalised through the media that would give some of the challenges. We have had two or three situations where you cannot get insurance anywhere in the world. The Victorian government had to come up with—I would not say it was replacement of insurance, but they allowed that committee to avoid taking out insurance, because they

just could not. It is a legislative requirement. They have allowed them to not have to comply. It is on a case-by-case basis.

Mr Johnston: Anecdotally, from talking to some insurers, as the industry has grown Australia wide, a lot of insurers are maturing and saying, "Why would I take on that risk?" In the past, they used to basically take on everything. Now they are starting to get a little bit more savvy about it and are saying, "We're not prepared to do that." We had one recently, like the example before. We have finally got someone coming onboard. We thought we were going to have to go offshore to get the insurance. It might be that some roof works have not been finished, and they will say, "We'll give you a six-month policy, and, if you can't get that fixed in the six months, that's it." And that was the only insurer, so everyone is beavering away and trying to get the roof fixed. Part of it is that the industry has changed as well.

THE CHAIR: This is not adversarial in any way. We are just trying to, as much as possible—

Mr Johnston: Absolutely not. We actually welcome this, more to give clarity to the rules of the engagement. This is not reflective of all unit owners, but some unit owners are quite apathetic to ownership until there is an issue. And we struggle to get executive committee members; we struggle to deal with people knowing roles and responsibilities. So we, as a company, welcome the opportunity to explore a strata commissioner, albeit providing that they are well-resourced. New South Wales is a perfect example of initially being under-resourced and having to beef up the resources to manage the workflow and issues that became apparent after the fact.

THE CHAIR: Apologies—I go back to insurance. You mentioned that your company will, for example, let people know that there is a commission attached to insurance. The weight of evidence that we have heard is that most people do not know that the commission exists. Could you tell me how owners would, for example, be made aware of the commission?

Mr O'Mara: In New South Wales, it is disclosed. It is regulated that it needs to be disclosed and the form in which it needs to be disclosed. In other states, there is definitely a move towards full disclosure. Our company has always disclosed the level as a percentage. Whatever was required in New South Wales by legislation is what we were entitled to. When the proposal comes in for renewal, it says what the brokers fee is. That is generally submitted to one of the committee members for approval for payment.

Mr Johnston: In most of the agreements, you will see the strata management agreement. Many years ago, there was a standard one. Most of them, you will find, are similar; they have that same process, and there is a disclosure in there about commissions—schedule D, in most cases. At the AGM it is always disclosed as well, and particularly in the renewal process.

With respect to the way we do it, we have been moving more to a model with brokers. Our preferred broker does a really good disclosure. They split down all the different quotes, they put down who gets what, and it is really clear. In our summary that we send with that, we spell it out again: "This is what the thing is, this is what we get, this

is what the broker gets, and this is what it is."

There is actually a lot of work in insurance. There is sometimes a disconnect—I think I put it in my submission—regarding what the commission might be in a particular year. But when something happens—for instance, when the hailstorm came through—with the work involved, you could not imagine it. In hindsight, we are only a small business; we have been around for 22 years, but there are only eight or nine of us. I would have put on another person just to manage that, if I had 20-20 hindsight.

You cannot believe the steps involved in an insurance claim. There are so many, and it is a matter of going backwards and forwards. It all takes time. Unfortunately—

THE CHAIR: You do not have that many people who are willing to insure—

Mr Johnston: Time is money. When a staff member is spending time working through insurance claims, they are not doing other stuff. I know there is this concept about the commissions, but it is part of how the revenue sources for the business work. We all have our different ways of charging fees.

Luckily, in the ACT, as distinct from New South Wales, schedule A, the managed fee, is a reasonable thing. There are some add-ons to it; then the commissions are added on top of that. But it is part of our structure. If that disappears, for me to run the business, I will have to put my fees up. It is as simple as that.

THE CHAIR: There have been conversations around a record management system. I want to get your views on this. The concern is that, if a strata manager moves on, for example, there is no continuity of record keeping, and some executive committee members do not know what is what, when a new strata manager comes in. I want to get your view on that, and any insights into how that could potentially work.

Mr O'Mara: In our case, we have a portal to which they have 24-hour access, and they can access every document that is produced, within a library or a vault that sits in our C-hub. In the case of New South Wales, we have that. Also, the New South Wales government has developed a portal, called Strata Hub. It is legislated that we also have to upload documentation onto Strata Hub, which we do. We charge a fee for it, because there is more time and effort required to meet that regulatory requirement. That is available in New South Wales.

Going back to the insurance front, New South Wales has done a lot of work in the last six months or so on updating the disclosure requirements that sit around the insurance commission.

Mr Johnston: We have our portal, and most of the records are there—reports and that sort of thing. Fortunately, we do not lose many, but when we do lose a client, basically, with the drives from the server and everything from our system, it just dumps. The problem is that there is probably too much information, because we still have our first client, and we have had them since about 2003. There are thousands of records. With respect to how someone can make sense of that, it is difficult, having regard to corporate knowledge. Even if we change managers within our office, sometimes there is a little bit of disconnect, having regard to just getting on top of all the documents that are there,

because there are so many of them.

Mr O'Mara: My personal feeling is that it is not an issue. There are only so many firms in the ACT, particularly; we all take managements off each other and pick them up. If you are handing over poor records to the new manager, I would be surprised, because it could come back the other way. That is not to say, when we take records over, that they are at the level at which we would like to see them. You are only as good as the transfer of documentation. Often, with that transfer of documentation, the reason maybe that a client is leaving their former strata manager is because of issues, and some of that does relate to record keeping.

MR WERNER-GIBBINGS: Mr Johnston, in your submission you cast doubt on whether solicitors are sufficiently explaining contracts during the sale process, as per their requirements, their obligations. Would you be prepared to elaborate on a suggestion to implement a requirement for the owners to sign off?

Mr Johnston: I selected the solicitor part because, when you sign a contract, you have to get a solicitor to say that you understand the terms of it. As I put in the submission, you would be surprised by how many people will send a levy out and someone will ring up and say, "What is this? Why are you sending me this bill?" "You're now in an owners corporation." "What's that? I'm just buying a unit," or a townhouse, or something. They do not understand.

They think that the money goes into our bank account and not the owners corporation bank account. They will say, "We pay you thousands of dollars a quarter and you're not doing anything for us." "You pay the owners corporation," and, with the committees, we are trying to do what we need to do. But you have the insurance, the electricity and all the bits and pieces.

My view is that a lot of people do not understand. If I step outside the box, in year 10, for instance, you could have a program where there is an element of education relating to urban design. You could teach kids in year 10 about what a town planner does, what a developer does, what a builder does, what a strata manager does, what a salesperson does and what a solicitor does—that whole process. By the time you get to people who are buying these things, they just have no concept of it.

My suggestion was that it could perhaps be part of the sale process. You will not be able to get the sales agent to do it, because they are not going to say, "Do you realise you've got to pay levies and you've got to do this and that?" I thought that, with the solicitor part, even if there is just a simple document produced that says, "Do you understand these basic fundamentals: an owners corporation is established, and an executive committee." Basically, build it and show, "This is what a company would look like. Owners corporations are companies. You have directors and shareholders. You have this and that, and the assets." I thought that could be a touch point that may be useful.

Mr O'Mara: Access Canberra used to put a document out. I may have included it in my submission. It was pretty helpful.

MR RATTENBURY: Yes, we had evidence on that yesterday as well. Apparently, the

last version was updated in 2018. Evidence that has come before us, along the lines that you were speaking about, Mr Johnston, is that there could be a requirement that that document goes in any contract of sale, and various other points where people would at least be exposed to it. Whether they read it and understand it is another matter, but at least it would be put before them. That is a suggestion that we have received.

Mr Johnston: The difficulty is that there is so much documentation in the sales agreement, and it is so thick, that your average punter is not going to look at it. The should be able to explain in simple terms, "This is what you're buying into. There are rules; you can't just do what you want to do. If you want to erect or alter anything, you need to get approval." Simple things like that would alleviate so many issues where people say, "I didn't know I had to ask for approval. I've just whacked in a hard floor."

Mr O'Mara: In my view, that is where a strata commissioner and team would be beneficial, so that both parties can understand and come together—someone that understands both sides of the equation.

THE CHAIR: There have been suggestions about standardising contracts. I want to get your views on that.

Mr O'Mara: The biggest complex that we manage has 1,300 units. That comprises four body corporates that sit within that. It would be very difficult to have a standardised contract for a property that requires substantial variation of services; at the other end of the scale, we have a two or three lot complex, who have a completely different set of needs. We could have a situation where we have a 400-unit complex and another 400-unit complex next door that want completely different services, and they are prepared to do some of the role themselves.

It is very difficult to be able to justify having a single, set contract. It would have to be substantial, and you would then have half of it cut out. It would cost more money in renegotiating that. It would be no different to a commercial lease or a sale contract where you are taking clauses in and out. It is very difficult to standardise one. We will work with a template, but one that is specific to our firm. We might decide that we want to disclose commissions. Somebody else decides that they do not want to, because they are not required to.

THE CHAIR: Unless the legislation mandates that you do that.

Mr O'Mara: Yes. We would welcome that. It has happened in New South Wales, and we would welcome that.

Mr Johnston: The issue is with the models. Doug's business is at the big end of the scale. My business is just a tiny little business. We offer different services. In principle, it is the same thing, but we have slowly morphed over the years to not having as many really big buildings anymore, because they are so technically complex. I have moved away from that area. We do not do facilities or building management, whereas Doug's business does. It is hard to compare our contracts to their contracts because we are doing similar but not exactly the same things.

MR RATTENBURY: Does the answer lie perhaps in a core set of basic terms? There

will be some basic expectations that will be common. I take your point about a spectrum of services, but there could be some minimum requirements—that kind of thing.

Mr O'Mara: I will give you an example which compares with our Queensland business. Our Queensland business has a completely different fee structure to how we do it here. We would prefer to have this model apply there. In Queensland people are prepared to pay a very low base management fee but pay in multiples; they might want to pay per email. We do not do that here, but that model has to work that way there.

I find it hard to work out what could be included and what could not be included, because two 400 units next to each other could have completely different service requirements. One, for example, might say, "I don't want a facilities management component," or "We want to do our own insurance." If they want to do their own insurance, they are more than welcome to, or their own FM, but the guy next door might want us to coordinate cleaning and coordinate project management contracts when works need to be done.

MR RATTENBURY: You said earlier that, if there was a requirement for people to have to disclose commissions, you would welcome that, because you would do it.

Mr O'Mara: Yes.

MR RATTENBURY: What you are saying is that you would rather see those things in a piece of legislation than have it in a standard contract. Have I understood you correctly?

Mr O'Mara: I would not want a mandated common contract that was regulated and that we would all have to use as our base form.

MR RATTENBURY: For example, the legislation might say that everybody has to disclose their commissions.

Mr O'Mara: 100 per cent. We agree, and it should have been done forever. It is the equivalent, in my mind, and I have run and owned this business for 22 years. When we bought the business initially, we took it as being that you do not want it to be perceived as a secret commission under the Trade Practices Act. It almost does, if you are not disclosing it. We have bought businesses over the years that have not declared it and, the minute we have settled them, we have said, "This is who we use. We get a rebate back or a commission back; in some cases we charge a broking fee." It has variance, depending on how the client wants to cut it.

THE CHAIR: When you disclose commissions, for example, in terms of insurance, do you give them options?

Mr O'Mara: Yes. We will go to the market and we will say that we have asked five or six people. Insurer A has declined to quote because of the use, it is outside or it is too big. Sometimes we have to bring multiple insurers together to cover some big risk. There are always some intricacies to some of the renewals. But we always go to the entire market, in our case. I cannot speak for everyone. We go to whoever is available to quote. Often, we might only get two people who quote. Sometimes we only get one.

I have just had that with some personal investments. I have one insurer. There are two professional indemnity insurers in the entire country that cover our market, when we are paying for our owner personal private insurance, so it is—

THE CHAIR: It is hard.

Mr O'Mara: It is hard. Depending on how much exposure they have to a certain market, they might say, "If we get enough exposure in that market, we don't want to take any more on." It is definitely caught up a lot with uses—the types of uses that are occurring, as well as how many open claims there are.

Mr Johnston: When we are providing the information for the committee to be able to decide which policy they want to take, there is full disclosure in there, so that they can see.

THE CHAIR: If they do not go with your preferred insurer, is there a penalty?

Mr Johnston: No. It is whatever you want to do.

Mr O'Mara: To answer your question, though, if someone elects to do their insurance themselves, we reserve the right to look at our fees accordingly, because some of the fees that we quote could be underwritten by the insurance commission that we would otherwise receive. I made very clear in my submission, if we did not get that—and I did not use our business figures; I used the industry's benchmark. Macquarie Bank has 90 per cent of the market. They do a survey once every two or three years. I used their figures on that. If you took away that commission from us, we have to get that income from somewhere.

THE CHAIR: Thank you very much. You have been very helpful. On behalf of the committee, I want to thank you for your attendance today.

Short suspension.

BROCKMAN, MR SHAUN, National Policy and Advocacy Manager, Strata Community Association (SCA) Australasia
MILLER, MR CHRISTOPHER, President, Strata Community Association (SCA) (ACT)

THE CHAIR: We welcome witnesses from the Strata Community Association. For the Hansard record, please state your name and the capacity in which you appear?

Mr Miller: Christopher Miller. I am the president of SCA ACT. I am representing SCA and their views. I am also a founder and shareholder of a large strata business in the ACT, Vantage Strata. Where appropriate, I think I might overlay some of my answers with that context, but I will make it clear when doing so.

Mr Brockman: Shaun Brockman, I am the National Policy and Advocacy Manager for SCA.

THE CHAIR: Please note that as witnesses you are protected by parliamentary privilege and are bound by its obligations. You must tell the truth, as giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. If you wish to make an opening statement, please keep it to one to two minutes as we have only a short time to get through the questions. Do you have an opening statement that you would like to make?

Mr Miller: Yes. I will make a brief one. I just wanted to thank the Assembly for agreeing to this inquiry. I think it is quite worthwhile and, frankly, necessary given the growth of the strata sector in the ACT, and given the projected future growth of the strata sector as a property class and as an industry in our jurisdiction. There has been a lot of media coverage in the last 12 months. There has certainly been a lot of hand-wringing about a number of things that I am sure we will get to during the course of this discussion.

I think, in time, it will prove the saying that sunlight is often the best disinfectant, and I am sure that there will be good reform as a consequence of that here locally. But I would be remiss if I did not acknowledge the great work that I think the SCA has done in collaboration with the Owners Corporation Network here in the ACT. We are in the really unique position in that, for the most part, the peak owners advocacy group, OCN and the peak industry representative, SCA work really collaboratively together. Gary Petherbridge, in particular, does great work.

I am fond saying that on most occasions we agree on eight out of 10 things. We are happy to work together on those things and set the other two things aside and just have healthy debate on that. I would also commend past ACT governments, to the extent to which they have taken advice from those bodies and helped shaped policy around that. I am confident that that should be the path forward to these reforms.

Mr Brockman: I would just like to add a couple of stats and facts to set the scene. It is a really fast-growing industry and a fast-growing sector in the ACT. Between 100,000 and 150,000 people live in strata. There are 385 direct jobs created by strata in the ACT. It had the fastest growth rate in Australia for lots, with a 19 per cent increase since 2020. And really, the strata sector needs the support to grow its professionalism. It is a young

profession. It is growing up. So that is what a lot of today is about.

There are three really key things that we have got across our submission, and I am sure we will get to them: echoing Chris' statement, working with OCN, the joint call, the election for the strata commissioner, and getting that up as a key outcome has been great and that is what we are really pushing today; minimum education standards to grow that professionalism; and making sure in the insurance space that there is proper disclosure and transparency for all actors in the space, and that gets pulled in. But that is it for my opening statement.

THE CHAIR: Thank you very much for that very brief submission. We have heard a lot of comments about the relationships between owners and strata managers. What are some of the challenges that you see facing strata managers in the sector?

Mr Miller: Where do I begin? There are a lot of unique challenges to the strata industry, but I think at the core—and some of the people that spoke earlier today have touched on it—is that when people buy a unit they are really not buying into an owners corporation, or at least that is not their intent. The primary objective is that they are purchasing either an investment or somewhere to live. For a variety of reasons—often economic reasons and reasons of affordability—the best option available to them is an apartment.

So, they were not conscious opters-in to an owners corporation. They are not really interested in that at all. So they are highly disengaged, if that term is used correctly. They are not a particularly engaged contributor to that arrangement. Really, they are just looking for a place to live or to invest. And they remain disengaged, generally speaking. I would say more than 80 per cent, probably 90 per cent, remain disengaged—and they are happy to be disengaged. It is only at the point that there is a problem—they have got water leaking in their apartment, there is a noisy neighbour—or there is some other thing that interferes with their quiet use and enjoyment of their home or their investment that they become engaged.

So, it is very difficult to manage a client base where they are diffused and they are not particularly well centrally organised. The only real saving grace in the arrangement is the existence of the concept of the executive committee. That is why that remains so much of the focus of how we shape our business and the way we direct our service. But I think the primary issue is the nature of the level of investment and engagement into the concept of an owners corporation, by the very people who make up that entity.

THE CHAIR: Thank you. We have also heard talks around training for strata managers. I wanted to get your views on that and whether you think that is something that would assist, because some of the conversations we have had have been around the lack of appropriate awareness or training or expertise. I think the wording that was used was that a strata manager is a "lucky dip"; essentially, you get a good one sometimes. I wanted to get your comments on whether that is a good pathway to chart, or whether there are challenges in that space.

Mr Miller: Well, the answer is "both". It is a good path to take, and there are significant challenges on the road.

THE CHAIR: Can you explain those challenges for me?

Mr Miller: The arrangement in the ACT is that individual operators do not need to have any official licensing or regulation, and they do not have to engage in continuing professional development. Only the licensee in charge is required to have that level of qualification. I think that, in itself, is problematic and it does not foster great outcomes.

Having said that, I have been the principal in charge of a large strata management business in the ACT. I have the highest qualification that you can have in the licensing regime in the ACT. I have done my diploma course, I have done all of the CPD.

I can tell you that the amount of time spent talking about owners corporation or strata management-related subjects in any of that education would account for around two per cent. The courses and the learning pathways that are available are totally preoccupied with concepts of real estate and property management. They are almost not interested at all in learning pathways specific for strata management. So that, in itself, creates a problem.

If you said tomorrow that everyone has to be educated—operators all the way up to the principal in charge—I do not think that the RTOs have developed the necessary learning pathways and courses that would add much value to that. You would just have additional people filling out paperwork. They might learn a thing or two about real estate management. That might not hurt. It does not really solve the problem though. So, the challenge there is how do you build the runway necessary? And how do you make the right investment with those RTOs so that there are suitable, appropriate, contextualised learning pathways available to educate that workforce? And how do you give everyone the right amount of time to take those learning pathways?

The other major challenge that I see is in relation to it being a very difficult employment market. Now, that is not unique to strata management; we have been through that across the whole world since the COVID days. But it is uniquely challenging in strata because it is a very, very difficult industry. It is often thankless. You are dealing with a client base who generally do not really understand what you do, and they are only engaged when there is a problem. So, it is an emotionally difficult job.

If you overlaid that tomorrow with everyone having to now have this new level compliance, I think you would create a real dearth of workforce constraints that would be hard to overcome. So, on behalf of SCA generally, and me personally, I would be supportive of an education framework that: gave sufficient runway and time; had sufficient investment in those RTOs; and had those learning pathways that did not create whiplash for the industry, but that set an income in the future that we could all work towards.

THE CHAIR: Some of the conversation has been that this industry is growing, so there would need to be some kind of formal training. I think there was a conversation yesterday around some corporations dealing with $1.7 million. These are large sums of money. You would expect that there would be some awareness of basic skills. But yes, I take your point.

MR WERNER-GIBBINGS: Those strong views about the utility of training, are they

likewise for members on executive committees? Should training for people who want to be on ECs be mandatory? Then, does that impact on how many people get on ECs—which is basically one, or three? Very rarely have people come in and said, "We have a wonderfully staffed executive committee". Or should there be more training accessible which is relevant but is not mandatory?

Mr Miller: If I can clarify: your question is the same argument but specifically for the executive committees?

MR WERNER-GIBBINGS: Yes. I understood where you came from about strata management and the first principle that it is no point having more training if the training is not fit for purpose—or mandating training if the opportunities for training are not what people need to learn, to the do the job that they are being asked to train for. But from what you understand of your interactions, perhaps, with executive committees—A lot of people suggested that people on executive committees should have training, but the question is: should it be mandatory? Should it be voluntary?

Mr Miller: Yes. Mr Brockman, if I am stealing all of the sun, you let me know. You can jump in.

Mr Brockman: No, no. I will jump in when I need to.

Mr Miller: I have fairly clear views on that as well. I think that the same challenges apply in that, first of all, you need to have the appropriate fit-for-purpose training. So, if you have solved it for one thing, you have probably solved it for both. I think that training for executive committees should be available and easily accessible, and perhaps have creative solutions for funding. That might be in legislation that provides that owners corporations must set aside funding for their committees if their committees want to participate in that education.

I would stop short of making it mandatory though, because, as others have expressed, I think there are challenges getting people to volunteer to be on the executive committee in the first place. It is not uncommon to be in a meeting and say, "Can we have three members? No? No? Anyone? Please? Don't worry, you don't have to do much".

MR WERNER-GIBBINGS: Every school P&C.

Mr Miller: That is exactly right, yes. Having said that, though, I think—not to digress too much—in the past there was a lot of talk about whether the one legislation is suitable for every owners corporation. I think that is a question we should engage with. It is not in the terms of reference before us presently, but, is it suitable to have the same unit titles management act governing the 1,300-lot owners corporation as the two-lot owners corporation? Or both mixed-use and purely commercial? Perhaps that is an issue. But, back to the point.

I think a committee involved in an owners corporation for 500 lots is probably far more likely to take positive steps towards their own education, and you would have more inclination to have people taking that education up. For a 10-unit townhouse complex in Isabella Plains, there is probably not a need for it and probably not the motivation for those committee members to access it if they want to. But to summarise that, in all cases

I think it should be available and more easily accessible, and potentially funded.

Mr Brockman: Can I add to that a little bit. The SCA will have its own RTO operational by the end of this year or early next. That is really to address that gap in the market, especially at the certificate four level. There are definitely some providers entering that are doing some good stuff, but there is definitely a gap there too. The minimum education standards that we have put forward in the submission—and they have just got them up in WA, and they do exist in New South Wales—rake down to three sections. So that is: you are coming in at assistant strata manager, strata manager, or principal. There are different levels of qualification for each.

I think one of the good things it identifies, from the overall perspective, is that strata management—unlike being, say, a doctor, a lawyer, an accountant—is often something that you fall into, or that comes later in life. So, picking up at that assistant level and saying, "Okay, if you do the first four units of a certificate four within the first two years, get a bit of a taste for that, and then go to the certificate four for strata management". Like Chris is saying, if that has some incentivisation and comes in over a transition period, that would be great for the industry.

MR RATTENBURY: On that specifically, you talked about developing an RTO. Is that specifically for the ACT?

Mr Brockman: That is national.

MR RATTENBURY: Because the previous witness, I think you heard, was talking about problems with scale in the territory.

Mr Miller: Yes. I respectfully disagree with that testimony, in that I think that it was true at a point in time. I think our industry was too small, in terms of the number of operators working within it, to actually stimulate the private RTOs to develop the appropriate coursework. I do not think that's true today. I think we would have more than 100 operatives working in the ACT. And I think that the number of strata managers that we will need to grow; we are probably going to need to be growing ten or more operatives in the ACT every year. I do not have it to hand, but the ACT government's recent land release program has in the tens of thousands of units and, in some years, 90 per cent will be delivered by some form of strata-titled property or unit-titled property.

I think the critical mass is probably there now. I think it could be pushed along by ACT government setting aside some funding or investment for the private RTOs—such as SCA or some of the local operators—to come up with some course material suitable for our industry as has happened in the past, such as the local traineeship grants supported also by, I think, federal traineeship grants. I think those things can converge together to stimulate the market to come up with a solution.

I mean, I am also qualified in New South Wales. We have operated in New South Wales as a strata business and I can tell you that the course material, the available educational pathways, and the quite onerous CPD requirements in New South Wales are really high.

That is the sort of stuff we would like to see here in the ACT, certainly in terms of what that education pathway looks like. It is just a matter contextualising that content for the

ACT, which is a bit of work but is not an impossible ask. Then creating the runway, timeframe and framework to allow our operatives to get up to that standard. I am sure I will get objections from some of my contemporaries or others in the industry, but I think we are talking a three to five-year time horizon to make that viable, so that we don't create whiplash within the industry.

But it was the old Chinese proverb: the best time to plant a tree is 20 years ago; the second best time is today. I think we should get on with it.

MR WERNER-GIBBINGS: More onerousness**.**

Mr Miller: More onerousness. You cannot quote me on that one. You can put that on your tagline.

MR RATTENBURY: I wanted to ask about mixed-use developments. It has been quite a point of discussion in the evidence we have received so far. So perhaps, if you want to make any general comments. Then, you have made a particular point in your submission about a freedom for people to make built adjustments to space. We had one case study yesterday which was particularly contentious. I might come back to that, but this is at recommendation 13. You say, "commercial units should be able to make structural alterations under altered provisions". It seems to be basically making it easier for them to adjust the building. We had a body corporate come in yesterday where parts of the car park had been turned into refrigerators and no other residential units had any say over that.

Mr Miller: I can clarify this, and I think it warrants a bit of work to clarify even our recommendation. The concept of structural alterations in the Unit Titles (Management) Act is probably poorly described when we are talking about these matters. It is not a structural alteration to the structure of the building. It is altering any structure in or on the building.

We have had advice on this. There have been arguments in the past that have been before the ACAT, and I have had private legal advice on this as well to try to help us answer questions from some of our own clients.

If you have a unit and you stick a DynaBolt into the slab, you have altered the structure. If you stick something to the flooring permanently, you have altered the structure. So, I am not talking about doing things that would impact the structural integrity of the building. I am talking about the ability to make alterations to the structure within your own unit. The case of a refrigeration plant in car spaces et cetera, is probably not a great example of what we mean.

With an owners' corporation, when it is completed on day one the unit plan is registered. You will have fully completed residential apartments with toilets and vanities and all of the things that you need. You could not get it registered without that.

If it is a mixed-use development though, you will also have totally empty concrete shelves for the commercial spaces and they will have very clear parameters of what types of businesses can operate within those spaces. So, the very planning controls that are in place in the ACT presuppose that someone is going to purchase that property and

they are going to do something with it, providing it is permitted under the terms of the Crown lease.

Where we have a real problem is that on registration of a units plan, there is often no executive committee for several months; there is no decision maker who can consider requests for structural alterations. I presume the ACT government wants to deliver projects that have sold commercial units off the plan and they want them to be able to go about doing all of their fit-outs and all the things necessary to have thriving buildings and precincts. That needs to be addressed somehow.

And I think that specific to commercial units, there should be a different framework that allows them to carry out internal fit-out works with sufficient guidelines. That is, with sufficient reference to structural integrity and sufficient reference to their permitted uses, with some degree of consultation if necessary. But essentially, they cannot be prevented from going about using their properties in the way that they were intended to be used when permission was granted for the building.

MR RATTENBURY: Thanks, that is helpful nuance. I was interested in the comment you just made, though, around there being a recognised spectrum of the type of business that are going to occur in any development. I am sure you have heard the example of the building that had the tobacconist move in, which has had significant impact on their insurance premiums. I am sure there is other examples around. We have heard about a gym in one building, and various other issues. What do you think the answer is to finding compatibility between having residential people in a building and that range of commercial users, some of which seem incompatible with a residential building?

Mr Miller: I am not sure about the tobacconist example. I do not think that is a great example, because it is got far more to do with the insurance market and the risk because of other factors. But I think you have got to start with the planning constraints around the buildings themselves. In other jurisdictions you would not be able to have a gym—and we are constrained with the ACT because of various things like height limits and a lot of sensitivity to the built form of some of these buildings.

But in most other jurisdictions you would have a gym and noisy things, and then you would have a couple of levels of car park and then you would have apartments beyond that—and they do not have the same constraints on height limitations. In the ACT, if you want to comply, well, a lot of the time in order to do that you have really got to be digging basement car parking and the economics of that just do not stack up.

I do not think gyms have a place in mixed-use buildings where you cannot get that level of separation between where that business operates and where the apartments are going to be located. And the same can be said for other very noisy uses. I think if you looked at a lot of the problem buildings and you had the benefit of being able to turn back time, you would not have gym as a permitted use and you would have solved a lot of those problems.

It is very hard to put the genie back in the bottle, though, when someone has purchased the property. They have complied with everything in the territory plan and the permitted use for that particular building. They have spent five million bucks. They have leased it to a tenant who is spent X million dollars, fitting it out to have a gym—and then we

want to say, "Oh well, you know, that is not an appropriate use".

Particularly then, when people try to measure whether it is in breach of the EPA decibel levels, it often is not. It is just that actually they are not suitable uses to be so close together without some other built-form improvements to help dampen that disruption.

MR RATTENBURY: So you think we need to scope for some sort of change to planning regulations or the legislation around, essentially, a list of unsuitable commercial developments in these buildings?

Mr Miller: Yes, totally. I think that it is an issue that could be resolved at the planning level, to not allow certain uses in mixed use developments. I do not think it is as simple as, "Do not allow the use altogether". I am not a town planner, so forgive me if I get some of this wrong, but there are uses where there are additional obligations on fit-out spec to be able to have a particular use in a particular property.

So, I think it is not as easy as saying, "A gym should never be allowed ever in a mixed use building or in this area," but if you are going to have a gym, you need to demonstrate that you have designed a building in such a way that is sympathetic to that use, and is not going to create a burden.

MR RATTENBURY: It is a tricky definitional issue.

Mr Miller: It is.

MR RATTENBURY: It is between a gym that drops heavy weights and a Pilates studio. Let's see you get that definition right in a piece of legislation. But I think that is the task.

Mr Miller: I think that is the task. What is likely to cause dispute between these two groups using their units entirely within the parameters of the law and the town planning constraints? Because it is very difficult when both are behaving the way they are meant to, but they are still in dispute.

MR RATTENBURY: I have got one other question before we finish. You have triggered an issue right and the end of your submission, on page 19, about the sale of units that reach the end of their life. This is the first time it is come up. Although, I note that the Property Council has flagged it in their submission coming up next, as well. This issue of—and it is going to start to come up in the ACT—where buildings rich end of life and they need to be, essentially, demolished. There are questions of how you go through that. You have flagged needing to reduce the threshold. I believe at the moment, you have got to have unanimous support?

Mr Miller: Yes. The threshold is incredibly high to cancel a units plan. It is not just a function of a vote in an owners' corporation with unanimous support. You need all interested non-voters. You need for everyone whose unit is subject to a mortgage to have the bank involved. You have got to petition, I think, the Supreme Court. It is a very detailed, expensive process.

I have been involved in that process here in the ACT on a couple of occasions in

circumstances where 100 per cent of the owners wanted to go about it, and it was still incredibly difficult and expensive. So, it is very difficult to conceive of a situation whereby a majority want to go ahead and there are one or two who do not, and where you would have any pathway to being able to achieve that.

This has featured in the past in proposed legislation. It was, I think, in an amendment bill. And at the time, I personally was not particularly supportive and the SCA did not get behind it, partly because we were not seeing from our membership and our constituents that this was a problem that was presenting often enough. I had the benefit of seeing how similar legislation had worked in another jurisdiction—and it had not worked particularly well.

I think that has changed. This has become a more prevalent issue from our members. And we have also now had the benefit of watching other jurisdictions to learn—honestly, learn from the things that have not gone particularly well—where we would be better placed to design policy around that.

I can tell you, though, there are a lot of owners' corporations/units plans in the ACT with really inefficient use of their land/plot ratios. And I think—given our housing supply constraints and some of the challenges we need to overcome here in the ACT, just to meet the demand for housing—we would be silly not to be looking at some of these very old owners' corporations that have really inefficient land use as part of the mix of that housing supply.

THE CHAIR: I have got one question. My apologies. If that is all right, just to go a bit out of time? You mentioned in your submission the SCA *Strata Insurance Disclosure Best Practice Guide*. Obviously, commission has been a big issue and you have probably heard some of that whilst you are listening. I just wanted to get a sense of what the guide provides, and whether there is widespread adoption of the guide. And if there is, why you think that this non-disclosure of commission remains an issue.

Mr Miller: This is your chance here, Shaun. Jump in, mate.

Mr Brockman: Look, so the SCA *Best Practice Disclosure Guide* was worked out through 2022-23. A lot of that was done in collaboration. John Trowbridge was doing a parallel report looking at the strata insurance market, which, as you understand, is quite a complex beast.

Out of that really came the desire to make sure that things were disclosed openly and transparently; that the eight financial items were all listed from premium, GST, all the way through to base commissions. But more importantly that there is a dollar value, a percentage value for what the strata manager and a broker is receiving in that relationship.

So consumers can see that on one page, and can make an informed decision about: "Is this what I think I should be paying?" Because at the end of the day, paying a commission is paying for a service. That is, the strata manager carrying out the liaison with the brokers, trying to get all the quotes together, looking at the building information, keeping records—and then potentially the claims. It is not just for the claims; it is for the whole process. That process runs 365 days of the year.

So that SCA *Best Practice Insurance Disclosure Guide* was introduced and became mandatory for our members on the 1st of July 2024.

For New South Wales, ours draws fairly heavily from John Trowbridge but we also packaged it up in a form, and all of our members were on board—and that is more than 80 per cent of what is under management in New South Wales; SCA New South Wales members.

The New South Wales legislation is almost exactly the same as our Best Practice Disclosure, which our members were up to speed with quite quickly. It has come into effect from February 3 and New South Wales Fair Trading has been doing a lot of enforcement around that, and it is going alright.

So that is a long way of saying it is mandatory for our members; it is mandatory under our code of conduct. If we receive a complaint or we investigate that that is not being undertaken, then through our complaints mechanism they can be suspended or expelled.

So that is the *Best Practice Disclosure Guide* and I think the recommendation here is to model, just like in New South Wales, a disclosure regime that has complete transparency for commissions for the ACT. So, SCA ACT non-members are doing the same as SCA ACT members, and everyone is doing that level of disclosure.

Mr Miller: Yes. Am I able to add to that?

THE CHAIR: Yes, absolutely.

Mr Miller: And that is a good point. So, at the moment there is complete compliance with that disclosure obligation for SCA members. And much has been made of the ABC *Four Corners*, you know, investigation that sparked a lot of attention in this sector. The ironic thing is that this was in train before that had happened and before anyone had any—

THE CHAIR: It seems fairly new.

Mr Miller: Yes, so we as an organisation at Vantage Strata had adopted it back before any of those stories had been broke. Many of my contemporaries had as well. It is a very clear disclosure guide. It sets out in very clear tables what was earned last year, by whom, and what the percentage was, what will be earned this year. So, you can actually historically go back and track that.

The idea that that should be included in legislation in the ACT is not controversial to my member group. In fact it would be welcomed because then we could be sure that others in the market who were not members of SCA were at least adhering to the same disclosure requirements that SCA members are.

And I am not speaking out of step if I was to say that members of my organisation and other contemporaries in the ACT, are pretty engaged with the idea that we would like to get to a post-insurance commissions commercial model in the ACT at least, in any case.

And I am on record as saying that this is largely a legacy thing. The commissions do subsidise the management fees. There is no doubt that management fees would be higher if the commissions were not there. It just makes the composition of management fees.

But that is not to say that is the best and most efficient charging model in any event. I personally do not think it is. And I would much prefer to see a fee-for-service arrangement where you charge for your fees and commissions are left to the broker. Frankly, I would go further than that. I would like to see brokers charging a fee for service rather than a commission as well.

SCA locally has engaged a consultant to help put together a feasibility around how we would go about proactively doing that, if we were to make some steps in that direction. There will be more to come in that space, certainly, at a local level.

THE CHAIR: This has been a very useful conversation. Thank you very much.

Mr Brockman: Can I have one more thing? Sorry. Just because it is because we did not get to the Strata Commissioner.

THE CHAIR: Yes.

Mr Brockman: Strata Commissioner dispute resolution; absolutely number one. Resource it. Absolutely. Probably obviously to echo everyone else, but getting that dispute resolution mechanism will bring everyone to the service and will raise the level of education because as Chris says, people are only going to get educated when they have an issue. If the dispute resolution mechanism is there in the Strata Commission's office and so is the education level, you will raise it up. So, do dispute resolution first. I will leave it at that.

THE CHAIR: Thank you very much. On behalf of the committee, I want to thank you for your attendance today.

Short suspension.

BERRY, MS ASHLEY, ACT and Capital Region Executive Director, Property Council of Australia
EDWARDS, MS MARIA, Chief Executive Officer, Real Estate Institute of the ACT

THE CHAIR: We welcome witnesses from the Property Council of Australia and Real Estate Institute of the ACT. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth, as giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. If you wish to make an opening statement, please keep it to one to two minutes as we have a lot of questions to run through. Do you have an opening statement that you wish to make?

Ms Berry: Yes, please.

Ms Edwards: Yes, please; just a quick one.

THE CHAIR: Excellent. Please proceed.

Ms Edwards: On behalf of REIACT, thank you for this opportunity to represent our industry. Our members are all primarily real estate agents, members at the coalface every day, working for people who are owning or renting strata title properties. That includes tenants, landlords, buyers and sellers.

In our capacity at REIACT, we have attempted to create bridges between property managers and strata managers, which is one friction point people are well aware of, through inviting strata management companies to join REIACT and we have formed a combined committee. We have a combined committee of strata managers and property managers from both the residential and commercial sectors that meet regularly to talk through issues.

We have also developed a cert IV course for strata management, which is available for strata managers to do right now. The first course is actually starting on 6 July. It was developed in the ACT for ACT strata managers. We also had a vision that property managers would also do the strata management course to facilitate education between the two sectors and perhaps fix some of those touchpoints as well.

We fully support the proposal for a strata commissioner, particularly if they approach disputes in a fair and balanced way. We also feel that the education of members of OCs and ECs is vital. *The renting book*, which you know very well, is a really great resource which puts legislation into plain English. I use it every day, whether it is with a property manager, a tenant or a landlord. It is actually a really great resource that could be developed really well for strata as well, I think. It is much better and much more user friendly. I think making it a mandatory document that has to go out with the contract is a great idea. They might not necessarily read it at the start, but they can refer to it constantly throughout their time. I think that is really important. Additionally, a strata commissioner acting in a dispute resolution capacity would give vital insights to the government in relation to common issues and potential policy settings that need addressing moving forward.

My last point is that we have a great opportunity to get this right. The ACT is a relatively small jurisdiction and the related peak bodies such as the Property Council, SCA, Owners Corporation Network and the businesses involved and, no doubt, the community would like to see a thriving strata sector. We are all actually prepared to work together to achieve this, and I would encourage the ACT government to lean into our experience and create workable solutions to facilitate effective outcomes.

Ms Berry: I would very briefly say from a Property Council perspective that our members include a vast array of people who interact with strata every day, including the developers, the investors, the owners—who are sometimes just the owners of the building and at other times they are the tenants of other people's buildings as well—and professionals.

To Maria is point, it is so important that we get strata right. We have seen in the Housing Supply and Land Release Program that, over the next five years, I think—doing my maths—about 90 per cent of new properties coming onto the market will be mixed use or strata title. So it is absolutely vital that we get this right now for our community.

THE CHAIR: Thank you very much. I will now proceed to questions. In your submission, you pointed out that, when a development application is submitted for a mixed-use building, it will specify the types of activities that are permitted to be conducted from the commercial premises and that this permission is included in the Crown lease, which must be approved before the project is finished. We have heard a lot of conversations around possibly a separate approval process for mixed-use buildings and I just wanted to get your thoughts around whether residential owners should have a say in what types of commercial buildings are allowed in their complex.

Ms Berry: It is a really tricky situation, and I heard some of the comments made earlier. We have a planning system here in the territory that is pretty stringent, and there are very strict requirements in terms of what is allowed under a certain building. To the extent that you may be trying to get a tenant in or trying to have someone into a commercial premises that is slightly different than what is listed on the Crown lease, you cannot do it; it is not permitted. There would be other problems if you were to say that the residential owners in a mixed-use building could essentially veto a commercial tenant coming in. That would be very problematic from a landlord perspective and a tenant perspective.

But I do understand that there are problems. So it is something that needs to be looked at. I do not have a perfect solution, but we need to weigh this up, because the owners of a building have a right to lease it out. They are the owners. They should be permitted to do that, and they have a very fixed scope from the planning instruments from the Crown lease.

If there are issues from the residential tenants saying, "No, we do not want this sort of building," or giving them that veto power, it really constrains commercial owners. We have seen this week an increase to commercial rates. Things are getting harder and harder with that investment piece, and people are less likely to want to invest in the territory. We are hearing that from interstate.

One thing that should be looked at is that, if residential owners in a multi-use building

were to be given some sort of veto or some sort of power, there would need to be a corresponding ability for commercial owners to vary the use under the Crown lease without getting hit with a lease variation charge. That is the problem. I will use the example of a gym because we were talking about that earlier. If you say, "No, you cannot have a gym," because it does not allow for a Pilates gym. Because of the wording in some of these old Crown leases, that is an example. It may only say a weights gym. For you to have a Pilates gym allowed, you would need to pay a significant amount of money to the territory for that.

There needs to be a balance is what I am trying to say—in a very convoluted way. There needs to be a balance. So it is not a no, but there needs to be some corresponding give because otherwise investment in the territory will continue to dry up and we will not have commercial landlords.

MR RATTENBURY: Would that not be something a strata commissioner could play a role in in those sorts of determinations?

Ms Berry: Absolutely. In our submission and publicly I have said that we support a strata commissioner. The scope is obviously a matter for this inquiry to determine. Our biggest issue with a strata commissioner would be duplication of regulation and red tape and making sure that any responsibility a strata commissioner got was not duplicated elsewhere—so let's remove one bit of regulation or one bit of red tape or authority and put it with—

MR RATTENBURY: Go from the Access Canberra to the strata commissioner while both doing—

Ms Berry: Correct—and ACAT and how that all interplays. We need to work out those details. But this could be something that a strata commissioner look at in terms of what is being asked from a commercial perspective, what the concerns are of the residents and whether there is a way that this can work.

Ms Edwards: And then that could conform policy moving forward.

Ms Berry: Absolutely.

THE CHAIR: You also mentioned in your submission that lots of properties are reaching end of life and you are concerned about the need for a 100 per cent unanimous decision from all owners when it comes to decision-making to renew strata schemes. What do you think is a realistic percentage, considering that, as we have heard, more and more people will be going into a unit titled lease in the future?

Ms Berry: We have said 75 per cent is the right threshold. That is what is adopted in New South Wales. It means that you still need to get more—

THE CHAIR: The majority.

Ms Berry: The majority; absolutely. It is not just a 51 per cent majority, where you are—

THE CHAIR: It is more than a majority?

Ms Berry: Absolutely. It is absolutely making sure that you have the bulk of the residents or the owners, because it applies to commercial strata properties as well. We need to do something. We are building more and more strata just because of the design of our city. It is not a bad thing, but it is going to mean that it is harder and harder to renew and regenerate those buildings. I look at the apartments or the office buildings along Northbourne. It is going to be almost impossible to regenerate and renew those under the current legislation. Hopefully, we do not need to do that for quite some time. Hopefully they have a pretty lengthy life cycle.

Trying to get 100 per cent of owners on board is difficult. There are mechanisms that we have seen in New South Wales if there is a lot of discontent and there are reasons and there is concern. We need to do something. We have a housing crisis. We need to be doing everything we can to try and bring as much stock on the market as we can. Also, as we put in our submission, with the gas transition, we are seeing more and more properties get to the end of life simply because they are gas properties, and we may find in terms of the upgrade of that that owners do not have the revenue, the willpower or the means to be able to do any work on some of those properties. So we have concerns from that perspective as well.

THE CHAIR: Thank you.

MR RATTENBURY: Ms Edwards, I was reading your point around the interaction between strata managers and property managers. Are you happy to talk to us a bit more about that—for example, how it works, where the tensions are and whether there is any reform needed in this space?

Ms Edwards: I think education is the main thing. As Chris said, there is no training in strata for property managers. So sometimes their understanding of what a strata manager actually does and that it is a very different role to that of a property manager. So I think education is the most important part.

From working with strata managers as well as with property managers, strata management decisions can take much longer if you do not have an active executive committee. Sometimes a property manager will say that an owner is putting pressure on a property manager because the executive committee is taking a long time to make a decision on something. So it ends up being the strata manager and the property manager both copping heat and both blaming each other. So it is a difficult position to be in.

One of the things that we did last year was to have strata managers and property managers in the same room and have them training each other in their jobs about what they can and cannot do. It was a really valuable exercise for both sides. We will do that annually, because we feel like that education piece is a huge part of the puzzle. With strata managers really having no training in property management, it is just about an understanding of what they can and cannot do.

MR RATTENBURY: Thank you. We have also had quite a few discussions about the status of renters in body corporates and the fact that they are not represented at the

AGM, and we have heard some terrific examples of buildings going out of their way to include them. Do you have any reflections on the plight of renters in a body corporate or an owner's corporation context?

Ms Edwards: I think there are a couple of things to keep in mind. One thing is that tenants can be quite transient. They might be in a property for six month, 12 months or maybe two years at the most. They move quite regularly. Their experience is obviously very valid but, if they are looking for a long-term solution to a problem, maybe it is not the right vehicle if they are going to make an owner's corporation commit to something very expensive but they are actually moving out in six months time.

I think their voices should absolutely be heard. One of the people suggested having a page that they can put their feedback on that goes directly to the executive committee or the owner's corporation and so it is not just sitting with the strata manager. I think that is great. The tenants are the eyes and ears on the ground about what is actually happening. Absolutely have a voice and I think that is really important.

The other part for me is investors in the ACT. We are losing a lot of them at the moment, and we do not want to make it harder or less attractive for an investor to buy an investment property in the ACT because, otherwise, people who cannot afford to buy themselves are not going to have anywhere to live. Depending on how it were set up, I think it could be detrimental to the supply of housing if you do it wrong.

MR RATTENBURY: What would the risks be for owners or investors in improving the lot of tenants in a body corporate?

Ms Edwards: If there are costs associated with it, that is onerous. We have seen an example with the mandatory insulation. Obviously that is a great thing for tenants when that happens. But, when that was rolled out, there was only one insulation provider, and the cost of insulation went up quite a lot. That ended up being an unintended consequence of something that was supposed to make tenants' lives easier. In reality, it actually made investors look for more reasons not to do it because of the expense. I think you have to be careful to get that balance right.

I was a property manager for 15 years, and it was very rare that you had a landlord that said, "I hope all my tenants are really unhappy." They would not say, "I do not care about my tenants." The majority of them would do anything they could, within their powers to do it, because they want tenants to stay, they want tenants to be comfortable and they want tenants to pay their rent. They do not want to keep changing them over. So I think it is a mistake to automatically think that landlords do not care about their tenants. They do.

MR RATTENBURY: Sure. Yes, rest assured, that was another view being put. In that vein, transient short-term rental accommodation has come up as an issue for both owner-occupiers and even tenants who are longer-term tenants and the disruptive nature of it. Do you have any observations on usage of short-term rentals in body corporates?

Ms Edwards: It is not something I get a lot of feedback on. I get a lot of complaints about all sorts of things from all areas. Short-term is one of those things that I do not hear very much about. I have not seen too many cases where it has been a problem at

ACAT, for example, where somebody has had their quiet enjoyment ruined by Airbnb tenants or whatever. So I would not say that it is a major issue that I have come across. But it may be in strata managers more directly.

MR RATTENBURY: Am I correct in understanding that more and more real estate agents in the ACT are taking on the management of short-term rentals?

Ms Edwards: There have been a couple of them have that have done it. But I would not say it is their core business; it is like an add-on business to their main business, because they like to be agile. When regulations or laws change that make it easier to be an Airbnb lot owner, then maybe they will gravitate towards that if that is what their budget is worked towards. Similarly, if there were other taxes put on Airbnbs, maybe they would move back to the longer-term ones. It costs a lot more to run an Airbnb business than it does an ordinary one because you have got to manage cleaners and manage a lot more check-ins and check-outs and things like that. So I think it is more about being agile than actually being a choice to make more money.

MR RATTENBURY: Okay. Thank you.

THE CHAIR: I have one question around training. Thank you for highlighting that you trying to start a training course for strata managers. There have been mixed conversations around whether the training should be mandatory or whether it should be on a needs basis. There was a conversation with the last witnesses that, if you put on that mandatory training, it creates problems if you do not have the pathways to make sure that there is incentive for that training or you do not have the structures. I wanted to get your thoughts on that. You mentioned that you are starting a training course. What are the elements of that training course, if you can share that, and what does that training course entail?

Ms Edwards: The cert IV course covers a designated list of topics that you have to do which covers all of strata management, basically, for someone wanting to be a strata manager. I think there are two ways to look at it. One, yes, it is a barrier if you are telling everybody they have to be qualified by tomorrow. It takes a long time to do these courses. Similar to a real estate agent, I think if you had a structured time where you could get a registration certificate doing a couple of subjects and move towards a licencing, I think that is important.

The other way to look at it is that having some sort of qualification is a career path for an agent working in strata management. If you work in strata management for five years and come out of it with nothing, except "I worked in strata management for five years", maybe it is a way of retaining people in the actual industry, if they feel like they are working towards something.

I will say that the cost of delivery of the course is quite expensive. The cert IV course that we are running costs about $6,000 per attendee, which is a lot of money for someone if they have 100 staff members that they need to put through. We were originally running it to see what sort of interest we would get. There was a lot of interest but, when they see the cost, they are like, "Until it is mandatory, maybe not."

We have also had property managers who are putting their hands up to do it because,

again, they want to be cross-trained so that they are really good at their jobs. I think that there is an element of having people trained and licensed, but there is also an element of CPD that could be used in both industries, where you could cross-train both industries so they can work together better and educate. If you think about it, a property manager is dealing with a property owner and a strata manager is also dealing with that same property owner. So they should actually be delivering the same messages, which is really important.

THE CHAIR: Thank you. That is really useful. In the course you have put together, what are the key things in that cert IV? Is it finance, is it—

Ms Edwards: It is all aspects. So it is legislation and finance and there is also wellbeing. There is a topic in there about not burning out, which is really important. It is basically legislative topics that you have to do. We are not an RTO; so it is through another RTO that operates in Canberra. It is something that we have worked towards for the last couple of years, because we really saw that there was a gap in the market for that sort of education. As I said, we have strata members as well as residential and commercial. So we wanted to make sure that everybody had that opportunity to come to us if they wanted to upskill.

THE CHAIR: Please feel free not to answer, if you do not want to, but how many people are registered?

Ms Edwards: So I think we have six, which is a start.

THE CHAIR: Yes.

Ms Edwards: As I said, it is very much in the "let's see how we go".

THE CHAIR: It is a new space.

Ms Edwards: Yes. We had some strata managers do it in the testing phase. So some qualified strata managers did it for the sake of doing it to make sure that it was being delivered effectively and it was correct and that they felt like it was worth having an association with, and they were very complimentary of it. That is why we moved forward with it.

THE CHAIR: Thank you, very much. That is really useful.

MR RATTENBURY: Just on that, we heard a really interesting piece of evidence earlier about work health and safety issues for people in the space and finding themselves in environments in which clients can be quite agitated. Is that something you have any experience in and do you have things you want to the tell the committee about this?

Ms Edwards: Welcome to property management. Obviously, property managers are in that coalface every day of sometimes seeing tenants that they have got to evict or whatever. Strata managers are in a very similar position. That is all to do with training, supervision and appropriately sending people out or having people involved in the conversations. We are very conscious in the residential tenancy industry of protecting

the people that work in it. It is all in the training and that sort of thing.

MR RATTENBURY: Mr Berry, I will just turn to the Property Council's submission. You made a couple of observations around the strata commissioner—firstly, that they should not have jurisdiction over retirement village matters. Can you elaborate on why you think that should not be the case?

Ms Berry: There is a supporting submission made by our Retirement Living Council. Retirement living and strata, in the sense of what we have been talking about just recently today, are two very different products and different offerings. Retirement living has its own act. We have a different set of challenges amongst those, and I would not want a situation where the issues that a strata commissioner needs to deal with are confounded—because I think that it is what would happen. As I have said before, 90 per cent of new dwellings coming online in the ACT will be strata, and that is going to be their main focus—and rightly so.

For me as well, retirement living has got its own act. We have the ACAT and we also have the Human Rights Commission and a designated representative of the Human Rights Commission who hears the human rights complaints and deals with some of those issues, which are, to be fair, on the face of it, a pretty small number each year. I would say that position has the support of both industry and residents alike. I think that that is on record and I do not feel like I am speaking out of turn in saying that.

I would not want a situation where retirement living, as a product, is confounded with strata and apartment or mixed-use and things like that. They are very different things. Retirement living is not necessary strata. It may seem like that to some extent, but they are two very different products. We have had government reports in the past, and I think there was an ombudsman report which is referred to in the paper. We should rely on that and we should not put extra regulation on the retirement living space.

MR RATTENBURY: Thank you. That is helpful. Secondly, you have made some observations about the scale of the strata commissioner. I think this has been a consistent bit of feedback. We have saw a costing paper that suggested $160,000 a year would do the job. You do not seem to support that. Do you want to elaborate on what you think is needed in the space?

Ms Berry: If we are going to have a strata commissioner, we need to make sure that they are properly resourced. For me, that is not just one person; there needs to be a team who has ample resources to investigate, to research, to review and perhaps to arbitrate disputes as well. If we are going to do this, we need to make sure that it is fully funded and that it is a proper team with resources. I do not think $160,000 is going to get you a team. It probably needs to be about 10 times that. I do not want to put numbers on it, but to me it needs to be properly resourced with a commissioner who has appropriate calibre, appropriate experience and then a team behind them to support.

As I keep saying, strata living in the ACT is only going to increase. This is going to be a very busy role and, to some extent, could be one of the most important roles in the ACT. Depending on the remit, they could have a lot of power and a lot of influence. So we need to make sure that there is an attractive remuneration package for both the commissioner and the team, so that we get the right person. I think that is really crucial

and really important.

MR RATTENBURY: Yes, there is remuneration and there is resourcing if they are to be able to do the job there—different but I guess related issues.

Ms Berry: Correct. From a budget perspective, it is the same package. It is crucial that, if we are going to do it, we need to make sure we do it properly.

MR RATTENBURY: Thank you.

THE CHAIR: Thank you, and apologies for running just slightly over time. On behalf of the committee, I thank you for your attendance today and for your contribution. I also want to thank broadcasting and Hansard for their support. If a member wishes to ask a question on notice, please upload them to the parliamentary portal as soon as possible and no later than five days from today.

The committee adjourned at 5.06 pm.