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TOUGH NEW REGULATIONS TO SECURE HIGH-RISE LIVING NEEDS

Tuesday July 18, 2006

New laws to protect owners in multi-lot developments have been introduced into the Victorian Parliament, the Minister for Consumer Affairs, Marsha Thomson, announced today.

Ms Thomson said the new Owners Corporation Act would replace outdated laws under the Subdivision Act.

"The new Act will be the most significant change to the laws governing bodies corporate since they were first introduced in 1988," Ms Thomson said.

"Over 1 million Victorians now own, live or work in bodies corporate, compared with around 200,000 when the original body corporate laws were passed.

"The number of bodies corporate has grown from 35,000 in 1998 to more than 65,000. The laws have not kept pace with these changes and we must update them.

"The new Act provides a legislative scheme that recognises the differences between the needs and responsibilities of small owners corporations with only a few owners, and modern high-rise developments with many owners.

"The Government will also provide ongoing support to owners corporation members, especially during the transition period to the new laws, including providing model forms and documents such as agendas, annual reports, delegations and other templates to ensure the wheel is not being reinvented by every owners corporation throughout Victoria.

"During the review of bodies corporate regulation, chaired by Helen Buckingham MP, the community called for reform and this new Act delivers by clarifying the laws and making it easier for everyone involved."

The new Act will:

- Change the term body corporate to owners corporation;
- Provide significant improvements to dispute resolution with a three tier process to include an internal complaints process, access to Consumer Affairs Victoria to conciliate or mediate the dispute, and access to VCAT which has the power to make binding determinations;
- Require paid managers to register with the Business Licensing Authority and have professional indemnity insurance and be solvent;
- Clarify the roles and responsibilities of everyone involved including owners corporations, committees of management, developers who control owners corporations, managers, lot owners and occupiers;
- Set out procedures for conducting annual general meetings, as well as a timetable for holding the first meeting and the documents that must be available at that meeting;
- Improve the disclosure of information – records of activities, undertakings and membership must be kept and made available for inspection at no charge to current and incoming owners;
- Require the owners corporation certificate to be attached to the s.32 vendor's statement (under the Sale of Land Act) to ensure full disclosure of fees and other matters to potential purchasers;
- Require an annual financial statement to be presented at the AGM, with larger owners corporations to have their financial statements audited. Larger owners corporations will also be required to develop a maintenance plan and fund, and obtain valuations for

insurance every five years; and

- Place important restrictions on developers who have a majority of power to ensure they represent the best interests of all owners. Developers will have to act honestly and in good faith, and will have to take reasonable steps to enforce any domestic building contract if there is an issue.

"We expect these new laws will come into effect by the end of 2007," Ms Thomson said.

"The long implementation phase will allow people time to adapt to the new requirements and to ensure that existing bodies corporate managers and members do not experience undue difficulties during the transition.

"When the Subdivision Act 1988 was written, bodies corporate were typically up to six dwellings on a large suburban block and about 200,000 people lived and worked in them across Victoria.

"Today, this form of ownership covers flats, units, high rise apartment blocks with over 100 owners, office blocks, hotels, retirement villages and farms. The new laws must reflect this rapid change."

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