



# Media release

From the Minister for Consumer Affairs

Wednesday, 21 December 2005

## SWEEPING CHANGES TO BODY CORPORATE LAWS

The Minister for Consumer Affairs, Marsha Thomson, today announced sweeping changes to body corporate laws.

Ms Thomson said the proposed changes would make dwellings governed by bodies corporate better places to live and easier to manage by clarifying owners' rights and obligations.

"Under the changes, lot owners will have a better understanding of their rights and obligations and access to cheaper and simpler avenues of dispute resolution," Ms Thomson said.

"The changes will also align Victoria with other states and assist owners with the management of their common property."

Ms Thomson said the proposed changes would include the establishment of a new *Owners Corporation Act* which is set to be introduced in Parliament next year.

"The new act will incorporate the current *Subdivision (Body Corporate) Regulations 2001* and relevant body corporate sections of the *Subdivision Act 1988*. An exposure draft of the proposed laws will be available for public comment until the end of March," Ms Thomson said.

"The name 'body corporate' will also be changed to 'owners corporation' to better reflect their purpose to represent lot owners and give them a vehicle to manage their common property."

Ms Thomson said the proposed changes were the outcome of an extensive two-year review of existing body corporate legislation, conducted by the Member for Koonung Province, Helen Buckingham.

Under the proposed changes, the *Owners Corporation Act* will:

- Clarify the rights, obligations, duties, functions and powers of everyone involved, including the owners corporation itself, developers who control owners corporations, committees of management, managers and lot owners;
- Expand the capacity of owners corporations to make rules for the common property;
- Give VCAT the power to impose small civil penalties for rule breaches;
- Improve the protection of owners corporation funds, through trust accounts and audits;
- Require owners corporations to have dispute resolution processes;
- Establish a formal process for the owners corporation to collect overdue fees;
- Enable Consumer Affairs Victoria to conciliate owners corporation disputes;
- Give VCAT the ability to resolve disputes unresolved by owners corporations or conciliation, meaning that parties will no longer be forced to go to Court;
- Make more information about owners corporations available to lot owners and purchasers through the establishment of an owners corporation register;
- Create a registration scheme for owners corporation managers and make information about managers (such as their professional indemnity insurance, contact details, and adverse orders and undertakings against them) available on a public register; and

...2

Media contact: Rebecca Spiteri 0407 837 272 or 9651 5799 [www.vic.gov.au](http://www.vic.gov.au)

- Give lot owners, owners corporations and Consumer Affairs Victoria the ability to enforce the legislation or their owners corporation rules by applying to VCAT for a civil enforcement order.

Ms Buckingham said the Bracks Government was committed to ensuring the new legislation was realistic for today's high-rise living.

“The review focused on ensuring body corporate legislation was relevant to the changing nature and size of subdivisions that create bodies corporate – particularly the increase in multi-storey high rise apartment buildings,” Ms Buckingham said.

“The two-stage review also identified concerns around existing processes for dispute resolution and the protection of fees paid by members of bodies corporate.”

Ms Thomson said these issues had been addressed under the proposed legislation changes to provide better protection for people who own, live in, or manage bodies corporate.

“This is in line with the Bracks Government's commitment to *Growing Victoria Together* through the building of cohesive and caring communities,” Ms Thomson said.