



A Response to

*Regulatory Impact Statement [RIS] -
Owners Corporations Regulations 2007
Of the: Owners Corporations Act 2006*

As part of,

The Review of the Effectiveness and Efficiency of the
Subdivision Act 1988 and the Subdivision (Body Corporate)
Regulations 2001 as it relates to the creation and operation
of bodies corporate

By the

Institute of Body Corporate Managers (Victoria) Inc.

29th October 2007

About Institute of Body Corporate Managers (Victoria) Inc. - "...the voice of the body corporate industry..."

IBCMV is the pre-eminent professional association of the body corporate industry, and was formed in 1990 to provide a forum for improved standards and education in the industry. Supporting more than 75% of all body corporate management firms it is the only organisation solely focussed upon representing this increasingly significant industry, and reaches and represents 250 body corporate professionals who manage approximately 200,000 lots. It also represents industry suppliers and bodies corporate, making it the voice of all with an interest in the management of bodies corporate. Members benefit from representation, promotion, establishment of professional practice guidelines and ethical standards, and professional development through education seminars, conferences and regularly publishing bulletins on items of professional interest. IBCMV is an affiliate member of the National Community Titles Institute, which represents practitioners throughout Australia. More information about the Institutes are available at www.bodycorp.org and www.ncti.org.au

About the bodies corporate or strata title industry in Victoria.

Changing lifestyle choices of Victorians and demographic shifts have led to rapid growth in higher density dwellings and the strata industry. With 65,000 Bodies Corporate and 500,000 lots in Victoria and about 1,000,000 Victorians or 1 in 4 people living in or affected by Bodies Corporate, it represents the management of property worth \$48 billion and they comprise residential properties ranging from 2 units in a suburban street to many hundreds of units in an urban tower block. Bodies Corporate also encompass commercial, retail, lifestyle resorts, retirement villages, car parks, storage facilities, industrial and, increasingly, mixed developments comprising more than one form of development.

Strata and Community Title Managers deal with the management of:

- People in a community living environment
- Billions of dollars of other peoples money on an on-going and not a single transaction basis
- Entire communities and their current and future assets and facilities

Introduction

Proposed regulations to support the new Owners Corporations Act 2006 and replace the Subdivision (Body Corporate) Regulations 2001 have now been prepared. Amongst other things, the new regulations prescribe:

- classes of prescribed owners corporations
- insurance requirements for owners corporations
- when an existing corporation must establish an owners corporation register
- information to be included on an owners corporation certificate
- fees, costs and charges, and
- model rules for owners corporations.

The RIS uses a balanced scorecard approach because it is difficult to assign quantitative benefits to some of the proposed regulations and alternatives.

Consumer Affairs Victoria is now inviting public comments regarding the proposed regulations. To assist with the consultation process CAV has produced a Regulatory Impact Statement (RIS) and is now seeking feedback in regard to both the RIS and proposed regulations.

In preparation of these CAV met with IBCMV to discuss the issues arising in the regulations and sought IBCMV's views. IBCMV made a submission in March 2007 on these issues, and also made many subsequent single issue submissions upon request. Many of these have been referenced in the RIS analysis with citations.

In response to the initial Public Consultation version, IBCMV made a submission in July 2007.

This response should be read in conjunction with the submissions noted above.

The new regulatory regime, to commence on 31 December 2007, aims to improve transparency and financial accountability in the management of owners corporations and we welcome new dispute resolution provisions, but more onerous regulatory compliance will result in higher costs to be borne by owners.

Owners Corporations Amendment Bill 2007 - Proposed amendments to Act recognises the role of professional managers

While the IBCMV was pleased that the Government had accepted many of its recommendations, we believed that in practice, compliance with some of the proposed regulations would have disadvantaged professional managers, members of owners corporations and committees alike.

For example, the Owners Corporations Act 2006 did not recognise the important role of professional managers in the smooth and consistent running of owners corporations. In practice, managers now perform the roles of secretary and chairperson at general meetings at the behest of owners, to ensure proper and effective conduct of meetings and proxies/ballots. The new Act prohibited this, which would have resulted in much greater responsibility being foisted on individual committee members and a greater chance for inaccuracies and ineffective meetings and resolutions.

IBCMV has continued to lobby the Victorian Government on this and other issues which we considered were disadvantageous to owners and professional managers alike.

IBCMV is now aware the Government proposes to amend the Owners Corporations Act 2006 and the Subdivision Act 1988 in the spring 2007 sittings – and is likely to be introduced to Parliament by 30th October 2007.

A range of amendments are proposed to these Acts including to allow managers to act as chair of a general meeting, and to allow managers to act as secretary. This is welcomed.

It is noted that the IBCMV recommendation regarding the issue with the restriction of Powers of Attorney for serviced apartment operators is not one of the amendments proposed.

Also, it is noted the alternative proposal for the fee for owners corporation certificates, namely a maximum fee, is also not one of the amendments proposed.

ISSUES

Where the IBCMV recommendations have not been adopted, it is acknowledged that those recommendations were not adopted after careful consideration. In most cases these will not be reiterated again here.

Much of this submission, rather than giving further recommendations, merely notes significant changes and comments on the extent of the adoption of previous IBCMV recommendations.

Key assumptions

The RIS notes data that allows an accurate quantification of the risk of financial loss to lot owners as a result of the existing regulatory framework is not easily attainable, and therefore some assumptions were made. The table on page 3 outlines the key assumptions made in this RIS. These assumptions are used in estimating the costs of the proposed regulations in the RIS. Consumer Affairs Victoria has asked for stakeholder views on whether these assumptions are reasonable and, if not, what alternative assumptions should be used and why these assumptions would be preferable.

The assumptions are reasonable.

Though, regarding insurance valuations in this table, the assumption says \$1,200 to \$1,950 per annum. It is meant to say \$1,200 to \$1,750 as per the table on p26. Also, insurance valuations are required at least every 5 years, and this is saying it is a per annum cost. It is not realistic to assume they will all do it every year.

Maintenance plans and maintenance funds

Recommendation NOT adopted

IBCMV recommended a lower threshold for prescribed [ie larger] owners corporations than that proposed. The threshold determines requirements for maintenance plans and funds, auditing of accounts, and valuations for insurance purposes. The proposed definition of "prescribed" owners corporation is those with annual fees in excess of \$200,000, or more than 100 lots.

Maintenance funds not required to be in a separate bank account

Recommendation adopted

Previously the draft RIS erroneously said Maintenance Funds are required to be in a separate bank account. It is just required to keep separate accounts for maintenance funds. Thus the RIS was inconsistent with the Owners Corporations Act 2006. It is not a requirement to have individual bank accounts – common cheque accounts will continue to be acceptable because of this overarching responsibility that monies are held in trust and that a manager must account separately for the money held for each owners corporation.

It now says: "this will ensure that maintenance funds are accounted for separately..."

And is reinforced further in analysing the costs of maintenance plans and funds, by saying: "...it is only a requirement for pooled body corporate funds..."

Professional indemnity insurance

Recommendation adopted

The minimum level of professional indemnity insurance for owners corporation managers is to be reduced to \$1.5 million as opposed to the current \$2 million. Registration of managers will, among other things, ensure that insurance cover is in place. IBCMV supported this change.

Owners corporations register

Recommendation adopted

An owners corporation is required to have a register of important information, and it is now proposed to allow 9 months from commencement to establish its owners corporation register. This is slightly longer than the initial 6 months that IBCMV recommended and which was contained in the draft RIS. But this is not inconsistent with IBCMV's recommendation.

Fee levels for the registration of managers

Recommendation adopted

IBCMV recommended the fee level for the registration of managers [a business registration not an occupational registration] at \$160 per year. The proposed fee levels are:

Application registration fee	–	14.26 fee units [\$157.14]
Annual registration fee	–	10.01 fee units [\$110.31]
Late lodgement fee	–	0.94 fee unit [\$10.36]

NB: 1 fee unit = \$11.02

These fee amounts are reasonable.

Subsidised NOT full cost recovery for setting of fees associated with the registration of managers

The RIS notes that in the interest of equity, a fee based on full cost recovery is the preferred option providing that fee is deemed appropriate. However, in this case registration fees based on full recovery are not appropriate as they would impose a significant barrier to entry for small business and may deter owners corporation managers from registering themselves with the Business Licensing Authority (BLA). In addition, the maximum penalty for managers not registering themselves may not act as a significant deterrent due to the inappropriate fee that would be charged under the full cost recovery model. Furthermore, fees that are too high may result in the consolidation of the industry whereby only larger corporate bodies may be able to register, which may as a result shut out small business. Therefore, some subsidisation is needed. The appropriate fee levels were calculated by taking into account the costs involved for administering the owners corporation scheme.

Full cost recovery for the registration application fee would be \$2,422* per manager; so proposed fees are significantly subsidised. The rationale cited is that the fees provide some cost recovery, whilst the low fees will ensure manager registration and not pose a barrier for market entry. Of the \$600k/yr cost, \$33k is paid for by fees and \$572k subsidised through funding by VPF.

* NB: RIS figures are inconsistent. Elsewhere it says fees based on full cost recovery would be \$5,208 for registration application fee, \$1,630 for annual registration fee, and \$786 for late lodgement fee.

The RIS also says: "...those buyers and sellers of properties that are affected by owners corporations would receive the benefit of the owners corporation scheme, which is approximately 15% of Victorians according to the IBCM and REIV." Where does this 15% come from? Is it referring to the "1 in 4 people, or 25%?"

Owners corporations certificate

Fee

Recommendation PARTIALLY adopted

An owners corporation certificate is required to be attached to the Section 32 statement, and the fee level for the owners corporation certificate is proposed to be \$150 inclusive of GST, up from the current \$50 + GST. Initially not defined, it was assumed and recommended the fee was to be stated as “\$150 + an amount equal to the amount of GST payable”, giving a fee of \$165 including GST. Just as the current fee for the Form 3 certificate in the Subdivision (Body Corporate) Regulations 2001 stipulates \$50 + GST. But this has not been adopted.

The set \$150 fee is in effect a price of \$136.36 + GST, which is less than the \$148 calculated cost to produce a certificate based on the RIS calculations.

TBC: Possible amendment to the Act - Varying the fee structure, with a set maximum fee

In the alternatives to proposals, for the fee for owners corporation certificate, the RIS considers an option 1, which involves varying the fee structure according to what information is requested, such as that found in Western Australia. Based on the estimated costs of preparing an owners corporation certificate the RIS says the maximum fee in Victoria would be \$150. Therefore, owners corporations could charge up to that amount for the preparation of the certificate and the certificate would include all of the required details outlined in the Act. However, the RIS notes this would require amendment of the new Act as there is only power to prescribe a set fee in the Regulations. The RIS notes the benefits of this approach are that costing would correlate with the amount of work put in by the owners corporation, and this would assist owners corporations with cost recovery – and would reduce the over-recovery of costs for those owners corporation certificates which cost less than \$150 to produce. The RIS notes the costs of this option are that it would potentially be more costly to administer as owners corporations may need to determine different fees that reflect the costs of preparing different types of certificate. The RIS analysis demonstrates that the option 1, a maximum fee is the preferred approach by allowing owners corporations flexibility to charge fees that more accurately reflect the underlying costs. The RIS notes this is not a legally feasible option. However, it notes CAV is considering amendments to the Act to address this issue. The proposal is ranked second because it allows cost recovery for some owners corporations, although it is likely to result in over-recovery of costs in the preparation of some owners corporation certificates.

It is noted the alternative proposal for the fee for owners corporation certificates, namely a maximum fee, is not one of the amendments proposed.

IBCMV does NOT agree with the Option 1 of a maximum fee as it would introduce much more costs and problems in having a range of fees than any benefits it would provide. It should remain a set fee. The Act should not be amended.

Content – Contingent Liabilities

Recommendation adopted

IBCMV recommended the removal of contingent liabilities and it has been deleted from Regulation 11(i).

Prescribed information for owners corporation certificate

Recommendation adopted

Analysing the costs of the owners corporation certificate and the required prescribed information, it previously said:
“With the exception of information relating to the funds held by the owners corporation and notices and orders served on the owners corporation, the prescribed information is already a requirement of the current regulatory regime.”

However, the new owners corporation certificate is more onerous than the current Form 3 Body Corporate Certificate and other information is required under the new Act and proposed regulations that is not currently a requirement. This is to include details of contracts affecting the common property; and also to attach required accompanying documents [copies of - rules, resolutions, information & advice statement, and a statement advising that further information on prescribed matters can be obtained by inspection of the owners corporation register].

This has now been recognised with the deletion of this statement, and is also reinforced on p32 where it says “...the certificates incorporate more information...”

Regulation 11 – prescribed information for owners corporation certificate

The following changes are noted and welcomed:

- 11(j) now reads: “details of any current [deleted ‘or proposed’] contracts, leases, licences or agreements affecting the common property”
- 11(k) now reads: “details of any current [deleted ‘or proposed’] agreements to provide services to lot owners, occupiers or the public”
- 11(l) now reads: “details of any notices or orders served on the owners corporation in the last 12 months *that have not been satisfied*” [*italics is new*]
- Improved wording of 11(m) to now read: “details of any legal proceedings to which the owners corporation is a party and any circumstances of which the owners corporation is aware that are likely to give rise to proceedings”
- Completely deleted (p) which previously said – total lot entitlement and lot liability

Other content

Recommendation NOT adopted

Regulation 11, prescribed information for owners corporation certificate, requires two other changes.

11(a) says “the current fees for the lot for each quarter or annually”. After “annually” insert “or other period”. As with the current regulations, this needs flexibility as the current practice can be monthly or 6 monthly.

11(h) says “the total funds held by the owners corporation”. This provision has no value and should be deleted. Notwithstanding this, it is also ill defined. What does this mean? Is it a check of the last financial statement and stating the members’ funds held by the owners corporation, and the date at which it held those funds?

These have not been adopted.

Number of owners corporation certificates

Recommendation adopted

One of the assumptions in the RIS is the number of owners corporation certificates issued annually. It is now based on the recommended figure of 30,000 per year.

Management fees and the total owners corporation fees

Recommendation adopted

The management fees and the total owners corporation fees, and hence the amount of money expended by owners corporations, was grossly underestimated.

The RIS now uses an average management fee of \$2,570 instead of the minimum \$1,650, and the \$472 million has been replaced with \$6.11 billion discounted over the life of the Regulations.

Hourly rate for an average owners corporation manager

Recommendation NOT adopted

The calculated hourly rate for an average owners corporation manager of \$52.50 per hour is too low and needs amendment. An hourly rate of \$121.00 per hour should be used as a reasonable rate to be charged that sustains a business' profitability and enables the business to pay such things as the salaries of its owners corporation managers.

Compliance

Recommendation adopted

IBCMV did not believe 80% was a sufficiently high target for compliance with the regulatory framework and the combination of education and risk based enforcement activity should endeavour to reach higher levels of compliance.

The RIS now says the expected level of compliance with the proposed regulatory framework is 100%, and that this is considered reasonable given the relatively small number of professional owners corporation managers, the additional education and information programs and the greater enforcement role [in particular becoming a central point of contact for complaint handling and enquiries] that will be undertaken by CAV.

It now says it also reasonable to assume that the compliance rate for self-managed or smaller owners corporations would similarly be 100%. This is due to them being regulated less by the proposed Regulations and therefore not having to comply with many of the elements of the new regulatory scheme that are, for example, imposed on prescribed owners corporations.

It notes, however, until the new framework is implemented it is difficult to ascertain a figure with any real certainty.

Statement of advice and information, Form 2 of Schedule 2

Recommendation PARTIALLY adopted

The statement of advice and information for prospective purchasers and lot owners, Form 2 of Schedule 2, is welcome but needed information about the management of an owners corporation. The recommended wording was partially adopted, but omits two key statements.

Disappointingly it does not say that owners corporations that do not have a professional manager and are self-managed (ie, run by a 'volunteer manager') are still subject to and need to comply with their obligations in the Act and Regulations.

And it omits that the role of a professional manager typically includes assisting owners with the administration, management, finances, meetings, maintenance and insurance of common property.

It has also adopted recommendations for other minor errors that required amendment in this Form.

It is noted that interestingly, in the Further Information section, references to Fact Sheets have been replaced instead with inspecting the owners corporation register.

Evaluation strategy

It is welcomed that the evaluation strategy notes that given the proposed regulatory framework is new, evaluations of it will be undertaken every 6 months or earlier if obvious or systemic issues arise before this.

Industry statistics

Recommendation adopted

The industry statistics in the background of the executive summary on p1 now says the Valuer General's figures for the total value of residential housing affected by bodies corporate was \$48 billion in 2004.

Costs across the sector

Recommendation adopted

Regarding the costs across the sector, in the cost-benefit analysis of the Executive Summary part, it now says on p2 the estimated that costs across the sector may increase by the order of approximately \$43 million over the ten year life of the Owners Corporations Regulations 2007.

Note though, in the Summary table on p4, there are some variations between figures in this table and figures quoted in Part 4.

Reducing the Regulatory Burden – Administration Burden

The Victorian Government's plan to reduce red tape, "Reducing the Regulatory Burden", notes:

"Ensuring the administrative burden of any new regulation is met by an 'offsetting simplification' in the same or related area"

This was not demonstrated in the initial RIS analysis. Thus VCEC [Victorian Competition and Efficiency Commission] in its review of the rigour of the RIS may not have been satisfied.

The RIS cost benefit analysis now addresses this, somewhat unsatisfactorily, by saying the proposed regulations [as opposed to the Act, with registration of managers] do not impose any significant administration burden, where records need to be provided to government or kept available for inspection. It notes the administration costs relate to the provision of information to third parties such as [prospective] lot owners – for example, the register.

Competition impact of proposals

Recommendation adopted

This section now says:

"The proposed Owners Corporations Regulations 2007 do not impose significant restrictions on competition."

Thus now recognising the required professional indemnity insurance cover and registration of managers are examples of restriction on competition because these are legislative entry barriers to the owners corporation management market. There is no doubt that professional indemnity insurance cover can be comparatively costly for smaller and/or part-time operators to obtain the required insurance compared to larger businesses, creating a potential barrier to competition. The result can be higher prices and/or fewer body corporate managers, particularly in rural areas. This can have the perverse outcome of reducing the access to services for some consumers. In analysing the costs of the professional indemnity insurance, in referring to a typical small business the RIS notes the cost would be around 2% of the annual income of that small business.

This also relates to why the RIS proposes to subsidise NOT full cost recovery for setting of fees associated with the registration of managers.

The RIS here also notes the average lot price for a Victorian apartment/flat/unit, which would be part of an owners corporation, is approximately \$270,000. Source: Australian Bureau of Statistics (ABS) (2006), Housing Occupancy and Costs 2003-04, Cat. 4130.0.55.001.

Benefits of auditing

Recommendation NOT adopted

Analysing the benefits of auditing on the RIS says:

"The qualitative benefits of mandatory auditing are it would ensure that the management had not exposed the owner corporation to any regulatory obligation such as compliance with the Building Act 1993. ... Identification of this oversight during an audit can enable corrective action to be taken to ensure these insurance policies are effective if the need arises."

A financial audit of the probity of accounts has nothing to do with detecting compliance with the *Building Act 1993*. This remains unchanged.

Model rule 2.1(1) – metering of services and apportionment of costs of services

Recommendation NOT adopted

The RIS was previously saying no administrative costs may be reimbursed at all and IBCMV advised this would undo many existing arrangements owners corporations have with suppliers of bulk services for electricity, gas, water, provision of electronic keys, debt recovery, etc. IBCMV also noted, notwithstanding this proposed rule, it is arguable there is nothing stopping an owners corporation from passing a special resolution to amend the rules and thus allow for administrative costs in any event.

The RIS now also goes on to say:

"Although some owners corporations may have existing contracts with bulk suppliers of electricity or gas, section 13 of the Owners Corporations Act 2006 states that an owners corporation must not carry on a business. Therefore, they must not profit out of the metering of services and must only seek reimbursement"

from lot owners for the actual amount they were charged for the services. As the Act provides for this imposition, this RIS will not be discussing the costs involved with entering into new contracts regarding the supply of services if there existing contracts need to be negated as a result of this rule.”

What this does not recognise is the requirement not to carry on a business is already a requirement under the existing regulatory framework and so it is unrelated to this issue. Further, even if it was related, the new part of it allows the owners corporation to participate in or be a member of another body that carries on a business. IBCMV has previously called for the deletion of Section 13 [2].

So the existing arrangements already happen under the same provisions as the new Act.

This does not address the issue raised here.

Costs & benefits of Model Rules

Recommendations NOT adopted

Internal grievance procedures

As stated in the RIS the proposed Rule 6 as set out in the Model Rules makes no allowance for the costs of professional managers in facilitating the internal grievance procedures. Such costs may include correspondence and communications with the parties which can be time consuming. These costs should be included and allowed for.

The rule only allows for the cost of the manager preparing the written statement. It is also reasonable to assume that many owners corporations committees will not want to volunteer their time to attend these meetings and thus managers may be engaged to do this on their behalf. Hence the total costs would be considerably more than the \$220,115 discounted over the ten year life of the proposed regulations.

The RIS now also says:

“Queensland legislation provides that lot owners, in most cases, must have attempted internal resolution (self-resolution) of their dispute before taking matters further, although it is optional whether or not the particular body corporate establishes an actual internal dispute resolution process. However, while there is no conclusive data available to assess whether this approach has succeeded in Queensland, there were sufficient examples identified in the Review to justify a similar light-handed alternative dispute resolution approach in Victoria.⁴⁷”

Note that the proposed regulations provide that

- an owners corporation must follow the internal grievance procedure [Tier 1]
- individuals [eg owner, occupier, manager] can choose to go directly to VCAT [Tier 3]

Evacuation procedures

In relation to the benefits of Model Rules, the RIS says:

“These model rules will also improve the capacity of owners corporations to meet a range of government requirements, such as fulfilling safety requirements (for example evacuation procedures in buildings)”

There are, however, no specific legislative requirements for owners corporations to have evacuation procedures.

Use of equipment, services and amenities

The RIS says:

“Clear rules for health, safety and security and for the use of equipment, services and amenities, should enhance better use and enjoyment of common property and lots.”

Although there is the power to make a rule relating to the use of equipment, services and amenities from the new Act, there is no model rule relating to this provision in the model rules. This statement needs to be amended accordingly.

Extent of regulations and forms

At only 17 regulations and 10 pages total in length, it is remarkably short. The only forms prescribed are a Proxy Form [Form 1] and a Statement of Advice and Information for Prospective Purchasers and Lot Owners [Form 2]. It does not include, for example, forms for making/amending/revoking rules, change of address, etc. Whilst not over-prescribing is laudable in isolation, questions remain whether enough has been prescribed namely appropriate forms to give guidance to owners corporations. Are many of these matters intended to be part of the information and education campaign by CAV in the form of guidance materials such as fact sheets and the like?

Also, is the prescribed Proxy Form, Form 1, a minimum that may be added to without changing its intent? Or is it unable to be changed at all? It needs to be the former.

It is noted that the Proxy Form now refers to a “ballot” rather than previously referring to a “postal ballot”.

Model Rules – Schedule 1

Recommendations NOT adopted

1.4 Waste Disposal, says “...of the occupiers of other lots” but should say “...of the owners, occupiers or users of other lots”.

5.1 & 5.2 address the issue of noise and not interfering with others use of the common property, but shouldn't they also refer to noise not having an affect on lots?

Recommendation PARTIALLY adopted

6(5) says “...within 10 working days...” but should say “...within 10 business days...” consistent with definition of “business day” in the new Act.

This has now changed to “14 working days” which is not correct as it did not change ‘working’ to ‘business’, and changed ‘10’ to ‘14’ so this is in affect now 18 days.

Other minor amendments have been adopted.

The following changes to the Model Rules are noted –

- completely deleted previous 1.2 “children on common property in building”
- 3.2 – vehicles and parking on common property – has had some changes, including reference now to “pathway”
- 3.3 – damage to common property – has had some changes, including changing “deface” to “alter”
- 6 – dispute resolution – the grievance procedure now also applies to managers, and complaints must now be in the approved form

The RIS now reinforces that “The *Owners Corporations Act 2006* provides that rules can be made/amended/revoked by special resolution (s138).”

Letterbox/Sign

Regulation 17 says that self-managed owners corporations require a letterbox/sign, and professionally managed owners corporations require a sign. In both cases, these require the following details to be displayed:

- a. Name
- b. Address
- c. Telephone number

Recommendation PARTIALLY adopted

Regarding [b], the address, it did not clarify that a correspondence [ie postal] address is sufficient rather than a street address. So, at the very least, it should be made clear that a postal address is adequate because currently it is a huge cost impost to owners corporations when a manager moves and the signs for all the owners corporations they manage have to be changed and the expense is passed on to the owners corporation.

The RIS now says “postal” address for owners corporations but still says “address” for managers.

Recommendation PARTIALLY adopted

Regarding [c], telephone number, this is a new provision not currently required. There are extensive privacy concerns with this new provision, particularly with self-managed owners corporations. The telephone number would have to be the person's home phone number unless a mobile number is listed.

The RIS has now deleted the requirement for the owners corporation to display a telephone number but still requires a manager's phone number.

No requirement to change signs

The RIS now clarifies and confirms there is no requirement to change signs because of terminology:

*“The proposed regulations also prescribe the ... requirements of letterbox or other indication of an owners corporation (proposed regulation 17). These requirements are part of the existing regulatory scheme and should impose no increased burden.”*³³

³³ *Letterbox signs that exist under the existing regulatory, and which read ‘Body Corporate’ are not required to change this wording to ‘Owners Corporation’, as such this is not a cost of the proposed Regulations”*

APPENDIX

Definition of “lot entitlement”

The definition of “lot entitlement” in Section 206 of the Owners Corporations Act 2006 needs amendment because it is incorrectly saying it relates to the *interest* in any common property.

Note the difference of this versus the new Section 211, which is the new Part 5 of the Subdivision Act 1988, in Section 33[2] referring to changing lot entitlement, where the correct definition is used which relates to *value*.