



institute of
BODY CORPORATE MANAGERS
victoria inc.

MEDIA RELEASE
FOR IMMEDIATE RELEASE

02 August 2006

IBCMV responds to Owners Corporations Bill, calling for recognition of the role of professional managers

The peak representative body of the body corporate industry, the Institute of Body Corporate Managers (Victoria) Inc., previously welcomed the outcomes of the government's review of body corporate legislation – 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.

“It is gratifying to see the adoption of most of the IBCMV ‘industry position’ recommendations in one form or another. Though the IBCMV is in agreement with most elements of the Owners Corporations Bill as introduced into Parliament, there are still some areas identified for change that have been included in its submission”, the President Mr Pitcher said.

“Regarding the recognition of the role of professional managers that was not adequately addressed in the exposure draft of December 2005, we understood there was agreement that changes would be made to better reflect the role of the manager in performing the roles of secretary and chairperson. However, no such changes have been made and a manager cannot be the chairperson of a general meeting or secretary of an owners corporation. Similarly some other issues which we understood would be amended have not been” Mr Pitcher said.

Sections of this Owners Corporations Bill fail to properly recognise that managers perform much of the role of the secretary and chairperson of the owners corporation. Part of the role of the manager is to conduct the meetings and act as secretary of the owners corporation. This was recognised back in the 1989 regulatory framework whereby if a manager is appointed then the manager becomes the secretary. This is essential to allow for the proper and effective conduct of meetings and proxies/ballots. It does not make any sense that the manager sends out the ballots and proxies but cannot receive them, even if it is the wish of the owners corporation.

The proposed introduction of office-holders provides that the manager cannot be the chairperson or the secretary; and this fails to recognise the role of managers.

The requirement for the secretary of the committee to keep minutes of committee meetings, and that a member of the owners corporation may inspect the committee meeting minutes, reinforces these issues – how many lot owners who are secretary of their owners corporation would want their home to be open for inspection of the committee meeting minutes when any member requests to see them?

The proposed requirement for the chairperson of the owners corporation to chair the general meeting is not a good change. Generally owners are not equipped to effectively chair owners corporation meetings as they do not have the required knowledge of the legislation and skill. This Bill needs to allow for an owners corporation to elect who it wants to chair the meeting. Current practice, where an owners corporation has a manager, is that the manager chairs about 99.9% of owners corporation meetings. For this practice to continue there are sufficient protection provisions in this Bill through the inclusion of conduct principles for managers [must act honestly and in good faith, exercise due care and diligence, and not make improper use of position to gain an advantage] and dispute resolution mechanisms.

“The full submission outlining all the issues has been made publicly available on the IBCMV web site www.bodycorp.org” he says.

“...the voice of the body corporate industry...”

About Institute of Body Corporate Managers (Victoria) Inc.

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. The Institute 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 \$45 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 form of development.

For more media information:

Rob Beck, General Manager, IBCMV

Ph: 03 9416 4688

email: rbeck@bodycorp.org