

Scheme management reforms

Important reforms to strata law will improve and modernise the way strata schemes are managed. This is part of an information series explaining the amendments in greater detail.

New name for the executive committee

The executive committee of the owners corporation represents owners or owners' nominees. It administers the day-to-day running of the strata scheme and is elected at each Annual General Meeting (AGM). Under the changes, the executive committee will be known as the 'strata committee' to better reflect their function.

Improved transparency of the strata committee

Strata committee members will be required to declare any conflicts of interest in relation to matters to be considered by the strata committee. Also, any professional with a financial interest in the building (such as a strata managing agent) will not be allowed to vote.

Individuals who cannot be appointed to the committee (unless they also own lots in the scheme) include:

- the building manager for the scheme
- a person who acts as an agent for the leasing of lots in the schemes to tenants
- a person connected with the original owner or building manager of the scheme, unless they disclose that connection.

New ways to vote

Under the present legislation, owners can vote in person or by mail. Each strata committee member has one vote.

Under the reforms, voting will be able to occur through personal voting, electronic voting, postal votes or secret ballots. A secret ballot, if determined by the strata committee, or by at least a quarter of the eligible voters, will allow owners to vote according to their conscience without their decision being known or able to be influenced by other owners.

Further information on the secret ballot process will be available in regulations supporting the proposed laws.

Flexible meeting options

Usually, several meetings of the owners corporation are held each year. The only meeting currently required by law is the annual meeting (AGM) where levies are set for the coming year and the executive committee is elected.

An AGM must be held every year within 11-13 months after the date of the last AGM. However, an owners corporation, strata managing agent or owner can apply to the Adjudicator for an order varying the time when the AGM must be held.

The reforms give the strata committee greater flexibility to determine when their annual general meeting is held. An owners corporation will simply be required to hold an annual general meeting once in each financial year.

Continuing the drive towards flexible legislation, and the changes in modern communication, alternative methods to encourage meeting attendance through social media, video and teleconferencing will be able to be used. Email will also be able to be used to distribute papers for meetings.

Limit to proxy farming

During consultation on the laws, many people raised concerns about proxy farming in strata schemes; where owners give their proxy to another owner, authorising them to represent them at the meeting. This means that one or two owners can control the decisions made by the owners corporation by obtaining a majority of votes.

The strata reforms will put an end to this practice by limiting the number of proxy votes able to be held by an individual for schemes with less than 20 lots to 1, or 5% for schemes with more than 20 lots.

Improved tenants' participation

The amendments recognise the important part that tenants play in the daily life of a strata scheme. Under the current legislation, tenants are not required to attend meetings and have no voting rights unless they are nominated for election by an owner.

Under the reforms, if tenants occupy more than half the lots in a building, they can elect a representative to attend meetings of the strata committee and speak on their behalf. A Tenant Representative can be excluded from a meeting of the strata committee if a number of matters, including financial statements and levying of contributions, are to be discussed.

A tenant representative cannot vote on any decisions affecting the strata scheme.

Tenants will also be able to attend meetings of the owners corporation unless the owners corporation votes to exclude them when certain nominated issues, such as financial statements, are being discussed or voted on. A tenant will not be entitled to speak at a meeting unless authorised by a vote of the owners corporation.