

2021 ELECTION PRIORITIES

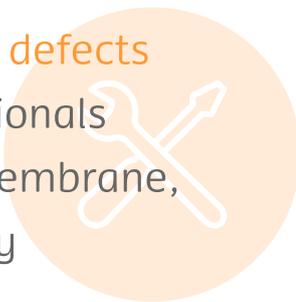


SCA (WA) is calling on all political parties to commit to legislative reform on these three critical areas:



1. Priority One: **Create a strata helpline** to properly deliver timely and accurate advice to the more than 300,000 consumers grappling with complex strata issues, where current advice mechanisms are failing. The helpline should be a joint venture between government and SCA (WA) with the goal of being self-funding after an initial three-year trial period.

2. Priority Two: **Improve consumer protection from building defects** by adopting measures to license or better regulate professionals involved with pouring concrete slabs and applying water membrane, as well as increasing the requirement for housing indemnity insurance to include all buildings, irrespective of height.



3. Priority Three: **Take action to make strata insurance available and affordable** for all Western Australians, particularly those people living in Northern WA who often struggle to obtain competitive policies.

Priority One: Create a strata helpline

The current system of answering enquiries is failing consumers and needs urgent action.



The issue

Without the ability to access the information they need, consumers living in, or affected by strata, are unable to make the best decisions for their circumstances. Strata laws, legislation, by-laws and regulation are complex, and require interpretation and explanation by experienced strata or legal professionals.

At present, Landgate receives the majority of enquiries regarding strata, and often refers consumers to their website, although this proves unsatisfactory to many callers that have complex questions that fall outside the scope of those listed. Many strata disputes occur due to lack of communication by a strata company to their owners, or the absence of a strata management firm to guide them altogether, as well as the lack of understanding about the role of a strata manager.

Landgate recommends SCA (WA) to answer questions around strata insurance, common property and the management agreements. SCA (WA) is only able to answer questions by member owners within a strata community who want to understand and clarify specific items with our voluntary advice service run by our strata manager members.



Priority One: Create a strata helpline

See below for a summary of the avenues available to a consumer enquiry currently, and the inadequacies.

	Inadequacies of the current system to provide strata consumer advice
Landgate	Unable to provide specific advice; website unsatisfactory.
State Administrative Tribunal (SAT)	Little to no advice or guidance, advises to seek legal representation or advice which is slow and costly.
Strata managers employed by lot owner or resident	Able to help with many queries, but not all, especially those that fall within legal grey areas. 60% of schemes are self-managed, and do not have a strata manager to ask. Strata managers are often not able to offer advice and must remain impartial to disputes between owners.
SCA (WA)	Able to advise on many general questions, though not those that fall into legal grey areas, or have high complexity. Can only advise members, as SCA (WA) is a member-based organisation.

The solution

We are asking the Western Australian Government to resource an effective advisory service. The Western Australian Government commits to a grant to SCA (WA) to expand its advice offering to include strata consumer advice to non-members. SCA (WA) estimates that this grant would need to be approximately \$300,000 per year to cover additional staff, facilities and training costs.

In the 2019/2020 fiscal year, almost 4,000 strata lots were registered.¹ If a levy of \$50 was charged per strata lot registered, this could have brought in a revenue of over \$200,000 to fund the strata consumer advice line operated by SCA (WA) for the thousands of consumers it affects.

¹ Landgate, Business Activity. Accessed at <https://catalogue.data.wa.gov.au/dataset/business-activity/resource/e66b4c99-2a15-4eb9-baa2-b921664de2a4>

Priority Two: Improve consumer protections on buildings

The issue

Across Australia, as well as in Western Australia, building defect issues have plagued consumers, the most high-profile of which being cladding issues and water defects.

The solution

The Western Australian Government can take two simple steps to increase consumer confidence in the products they buy into:

1. The Western Australian Government should **increase the amount of certification required by builders and developers as they construct buildings**. Most defects stem from errors or poor quality practices during the building stage. Currently, there are poor or limited practices for certification of works to be undertaken. Most defects are related to water issues or cement issues. SCA (WA) is calling for certification as slabs are being poured, and water membranes applied, as well as a review into licensing and professional standards for the contractors carrying out that work.
2. **Extend the requirement for warranties and insurance from buildings up to three storeys, to all buildings**. This will increase the ability for consumers to hold builders and developers accountable should defects occur over the life of the building.



Priority Three: Take action to make strata insurance more available and affordable

The issue

Strata insurance, especially in the more remote parts of Western Australia, is difficult to obtain and in many cases very unaffordable. Feedback from our members over many years, as well as the findings from the most recent ACCC report into insurance in Northern Australia has outlined the issues that exist in great detail.

With premiums far exceeding the national averages, and increases of up to 300%, **we're calling on the Western Australian government to take action to provide immediate relief for people taking out strata insurance.**

The solution

In line with one of the recommendations in the ACCC report, we are asking the Western Australian government to remove stamp duties for strata insurance, which will immediately provide up to a 10% discount on the amount paid by policyholders.

Greater intervention and wider solutions are needed, and SCA (WA) will be advocating strongly for comprehensive change, but this single measure alone provides a quick and simple remedy in the short term for strata insurance consumers.



About Us

Strata Community Association (WA) is the peak association supporting the state's strata sector. SCA (WA) works to raise the profile of the industry through law reform, public education and training.

Strata in Western Australia

Based on the 2020 Australasian Strata Insights Report, more than 90,000 Western Australian residents live in apartments with more than 81,000 registered strata schemes encompassing townhouses and community titled properties, and more than 325,000 lots registered overall. Australia-wide, more than 2.2 million people live in flats and apartments, the vast majority being strata titled². The estimated value of property under strata title in Australia in 2020 exceeds \$1.3 trillion³.

Part of the wider property sector, the strata sector, while niche, is experiencing fast growth and plays a role in the lives of nearly half a million Western Australians. The priorities identified in this submission are targeted at addressing some of the shortfalls or inadequacies that have developed as a result of this rapid growth in a relatively young sector.

² Hazel Easthope, Sian Thompson and Alistair Sisson, Australasian Strata Insights 2020, City Futures Research Centre, UNSW, Accessed at <https://cityfutures.be.unsw.edu.au/research/projects/2020-australasian-strata-insights/>

³ Ibid, p6



SCA (WA) President
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