

Phase Two Summary Guide | WA Strata Law Review



This guide summarises the feedback, proposed reforms and areas canvassed for future consideration outlined in the Phase Two Discussion Paper for the State Government's five-year review of the *Strata Titles Act 1985*.

The topics in the guide appear in the same order as the Discussion Paper, with page references provided for further detail. Phase Two matters are presented in two categories:

- **Proposed reforms** | Potential reforms that have received broad stakeholder support and are suitable for early implementation without adding cost to strata owners.
- **Areas canvassed for future consideration** | Suggestions that may warrant future reform but require additional analysis, evidence gathering or stakeholder engagement before specific reform options can be developed.

Read the full Discussion Paper and provide feedback at landgate.wa.gov.au. Consultation closes 26 November 2026.

Topic and page(s)	Feedback summary	Proposed reforms
1 Objectives of the Strata Act See page 3 (in the discussion paper)	Stakeholders supported clearer objectives and a stronger statement of purpose to guide the interpretation and application of the Strata Act.	• Refine the statement of purpose in the Strata Act to provide clearer guidance on the Act's interpretation and application, including: - the subdivision of land by strata schemes - the governance and operation of strata schemes - expectations relating to the planning, creation, management and long-term sustainability of strata schemes. • Introduce clear legislative objectives for the Strata Act to support its overarching purpose and guide future decision-making, including objectives relating to: - enhancing strata living - effective scheme management and governance - sustainability and the long-term viability of strata schemes.
2 The disclosures framework and education See pages 4-5	Feedback indicated that current disclosure requirements do not consistently provide buyers with the information needed to understand the lot and scheme before purchase.	• Reform the disclosures framework in the Strata Act to enhance buyer awareness and understanding of key scheme information prior to purchase. Enhancements could include one or more of the following: - Reworking precontractual disclosures so buyers are provided with a summary of key information as well as the full suite of disclosure documentation. - A requirement to disclose any utilities provided via an embedded network. - A requirement to disclose whether a lot is heritage listed under the <i>Heritage Act 2018</i>. - Adding the 10-year maintenance plan to disclosure requirements. - Introducing different precontractual disclosure statements for established properties and off-the-plan lots. - Requiring buyers to confirm they have read and understood key information prior to entering a contract of sale. • Enhance and review strata education documents available online to support prospective buyers and current lot owners through development of a general strata education pamphlet to be provided at viewings of strata properties or as part of the sale documentation.

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3 Short-term rental accommodation (STRA) See page 6	Stakeholders raised concerns about STRA in schemes including potential risks, costs, liveability, and the difficulty of allowing or disallowing STRA.	• Enhance STRA provisions in the Strata Act to: - Introduce the requirement for a strata company to determine the scheme's position on STRA at its first AGM. - Strengthen a strata company's ability to recover any increased costs resulting from a lot being used for STRA, such as for damage to common property. - Make it easier for strata companies to hold lot owners liable for damage to common property resulting from tenants staying in the lot used for STRA.
4 Strata titles consent requirements See page 7	Feedback indicated that some consent processes under the Strata Act, including for the removal of easements and other scheme changes, can be complex, repetitive and difficult to navigate, contributing to uncertainty and making approvals difficult to achieve.	• Streamline and simplify consent provisions in the Strata Act by: - Introducing a generic consent form for certain processes that require consents to assist and guide strata companies. - Applying definitions and application of the Strata Act consistently by updating instances of 'registered interest' or 'caveator' to 'designated interest'. - Introducing a deeming provision whereby consent is taken to have been provided if no objection is received within 60 days from a designated interest holder.
5 Challenges in utility management See page 8	Feedback highlighted uncertainty about responsibility for utility infrastructure located across lots and common property, particularly where failures lead to disputes about repair costs. Stakeholders also raised barriers to converting schemes to embedded networks, including the requirement for occupier consent.	• Include provisions in the Strata Act to improve the management of utility infrastructure within strata schemes by: - Establishing responsibility for the maintenance of utility infrastructure where services run across a lot, common property, or both. - Enabling strata companies to hold a Power of Attorney for lot owners and tenants to sign verifiable consent forms required to convert to an embedded network.
6 Alterations to lots See pages 9-10	Feedback indicated a lack of clarity around decision-making processes for structural alterations and renovations to lots or common property. Stakeholders also raised concerns that sustainability infrastructure is difficult to implement in some schemes. This is due to a lack of clarity in the Strata Act around decision-making processes, roles and responsibilities, definitions, and how impacts on lots and common property should be handled.	• Rework the structural alteration provisions in the Strata Act to: - Simplify the definition of structural alteration and make it clear when a resubdivision is and is not required. - Introduce a sliding scale system for alterations / renovations to a lot where a certain level of resolution matches the nature of the alteration. - Determine a general decision-making process for alterations and renovations to common property, including the ability for a strata company or affected lot owner to refuse a structural alteration. - Specify that approval is required from impacted lot owners where structural or other alterations to lots or common property impacts on their lot. • Rework the sustainability infrastructure provisions in the Strata Act to: - Provide more clarity around the definition of sustainability infrastructure. - Set out a clear process for strata companies to follow when installing sustainability infrastructure in their scheme. - Reduce the resolution for installing and maintaining sustainability infrastructure to enable easier decision making.

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7 Plans and subdivisions See page 11	Stakeholders raised concerns that strata companies may not lodge new strata plans following alterations to lots, particularly where building alterations have occurred, leading to inaccurate lot boundaries and strata plans. Feedback also identified time, cost, and process issues associated with making minor changes on a registered strata plan, including where changes don't involve a subdivision.	• Update the Strata Act to ensure accuracy of lot boundaries by: - requiring strata companies to follow the Strata Act's subdivision requirements where lot boundaries are changed due to lot alteration or renovation. • Simplify strata plan amendment processes in the Strata Act by: - allowing the lodgement of a replacement plan to include changes after alterations or additions that do not involve any type of subdivision. - allowing minor errors in a plan to be corrected through lodging a replacement plan via a licensed land surveyor without the need to do a subdivision.
8 Strata manager definition and authorisation See pages 12-13	Recent decisions by the State Administrative Tribunal (SAT) highlighted challenges with the Strata Act's definition of a strata manager and its impact on the application of parts of the law.	• Clarify the definition of a strata manager in the Strata Act by specifying that a strata manager is a person who: - is engaged by a strata company; and - performs or manages authorised scheme functions on behalf of the strata company.
9 Conflicts of interest, disclosures and commissions See pages 14-15	Feedback indicated concerns about the performance of strata councils and strata managers, including that conflicts of interest were impacting decision-making and commissions may be affecting service delivery to schemes.	• In the Strata Act: - Replace the terms "indirect" and "direct" with perceived, potential and actual defined categories in respect to conflict-of-interest provisions. - Clarify the requirement that any benefit received in connection with the strata manager's functions must be disclosed, with a penalty for non-compliance. - Require strata managers to annually report to strata companies on the commissions and benefits they have received.
10 Quality of service and fees See page 16	Feedback indicated that strata manager fees are perceived as high and increasing, without a corresponding improvement in service quality.	• Improve transparency of strata manager fees and charges by updating the Strata Act to require: - management contracts to provide a clearer breakdown of fees and charges that may apply to the services being provided. - strata companies to be notified where additional charges arise outside the original scope of the contract.
11 Strata manager annual returns See page 17	Feedback supported maintaining, and potentially enhancing, strata manager annual returns beyond 2025 to strengthen industry accountability and transparency.	• Update the Strata Act to establish a permanent requirement for strata managers to lodge an annual return, including provision for additional aggregated information to be collected where appropriate.

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12 Language and operation of the Strata Act See pages 18-19	Feedback indicated that limits on the land transactions a strata company can enter into may unnecessarily complicate scheme decision-making. Stakeholders also raised drafting issues and inconsistencies in the Strata Act that can create confusion for strata companies and industry.	• Update the Strata Act to: - Increase the transactions or dealings with land that a strata company can enter into. - Address drafting issues, inefficiencies and inconsistencies between the Strata Act and other legislation, in consultation with stakeholders.
13 Levies, budgets and financial management See pages 20-21	Feedback raised concerns about a lack of clarity and confidence in levy structures, including what levies cover, how funds are used, and how levies are set and spent. Concerns were heightened where costs and levies increased significantly year on year. Stakeholders also raised issues with overdue levies, levy recovery and the absence of financial hardship provisions in the Strata Act.	• Increase transparency in levy presentation by: - Prescribing minimum standards in the Strata Act requiring itemisation and expenses to be shown. • Update the Strata Act to improve budget transparency and presentation standards by: - prescribing a minimum standard for budget presentation, including a breakdown of how levies will be spread across the financial year, allowing owners to budget accordingly. - requiring notification to lot owners where an item falls significantly outside budget expectations (e.g. 20% or more greater than budget), together with a breakdown of costs. - requiring a breakdown of costs where an item equates to 10% or more of the total budget. • Update the Strata Act to enable greater flexibility in levy payment arrangements by: - enabling strata companies to offer payment plans for lot owners experiencing financial hardship or to structure levies in a way that may help and encourage owners to pay on time.
14 Proxies and voting See pages 22-23	There were concerns surrounding developers and developer contracts of sale assigning proxy votes for a set period. Lot owners felt they were being locked out of strata company decision-making. Feedback also raised concerns about the use of proxies, particularly instances of “proxy harvesting” where lot owners felt they were being locked out of strata company decision making.	• Set limits in the Strata Act on property developers’ use of proxies through an automatic revocation of the proxy once all lots in the scheme have been purchased and handed over to new owners. • Include validity of proxies as a scheme dispute in the Strata Act to enable escalation to SAT as a compliance mechanism to ensure proxy limitations can be enforced. • Improve the proxy regime by one or more of the following changes to the Strata Act: - Setting limitations on how many proxies a person can hold: - one for strata schemes with 20 lots or less - not equal to more than 5% for schemes with 20 lots or more. - Introducing a fixed one-year timeframe for which that proxy is valid, unless revoked sooner or amended upon nomination. - Introducing an approved form to refine the proxy process and formalise the nomination of a designated person as a proxy holder. - Implementing a requirement for the lot owner to indicate how the proxy holder must vote for each strata decision.

Topic and page(s)	Feedback summary	Proposed reforms
15 Governance and conduct by-laws See page 24-25	Feedback broadly indicated that the by-laws under Schedules 1 and 2 of the Strata Act are no longer relevant to modern living and are out of alignment with recent amendments to other legislation. Uncertainty persists for schemes established prior to 1 May 2020 around whether their scheme has transitioned to the updated default by-laws. It was indicated that governance by-laws were too difficult to change due to the resolution without dissent requirement.	• Modernise the Strata Act by-laws by making one or more of the following changes: - Removing the distinction of 'governance' and 'conduct' by-laws. - Reducing the threshold by which all by-laws are created, amended or revoked, to a special resolution. - Using contemporary and accessible language which reflects modern living standards and provides clarity and certainty to lot owners and occupiers. - Declaring all previous versions of the default by-laws null and void and prescribe the new standard set of by-laws to apply uniformly unless a scheme has adopted its own. - Streamlining the mechanisms by which a scheme can adopt the current by-laws without the need to pass resolutions and through expansion of transitional provisions. - Moving the by-laws into regulation to ensure the default by-laws are able to be easily maintained to remain fit-for-purpose as strata evolves. - Introduce standardised by-laws addressing smoke and vape drift on common property. - Eliminate any occurrence of potential conflict between the by-laws and recent amendments to other legislation such as the <i>Residential Tenancies Act 1987</i> and the <i>Retirement Villages Act 1992</i>. Ensure this carries across to the rest of the Strata Act.
16 Strata councils: performance and conflicts of interest See page 26	Feedback indicated strata council members can have a limited understanding of strata law and their roles and duties, including the obligation to exercise reasonable care and diligence. There were concerns about strata council performance, including failure to enforce by-laws, poor maintenance, inadequate expenditure approvals and decisions made outside members' authority. Feedback from lot owners highlighted instances of conflicts of interest between strata councils, strata managers, developers, and service providers.	• Clarify the duties and functions of strata council members in the Strata Act to better match lot owner and community expectations of the role(s). • Update the Strata Act to require strata companies to provide council members with information about their statutory responsibilities (developed by government). • Require strata council members to disclose commissions and other relevant conflicts of interest by updating the Strata Act. • Introduce a compliance mechanism into the Strata Act empowering schemes to manage council members who do not disclose conflicts of interest and remove them from council where relevant.
17 Resolving conflict and an oversight body See pages 27-28	Scheme conflict emerged as a major and growing issue in the feedback with multiple stakeholders reporting bullying and intimidation among lot owners, occupiers, strata council members, strata managers, trades and service providers.	• Introduce explicit conduct provisions into the Strata Act for lot owners, occupiers, strata council members and strata managers, to prohibit unreasonable behaviours (e.g. bullying and harassment).

Topic and page(s)	Feedback summary	Proposed reforms
18 Scheme insurance Page 29	Feedback indicated the increasing cost and reduced accessibility of scheme insurance is a current and growing issue for strata companies and lot owners. Feedback indicated that there was not enough flexibility in the Strata Act around the application of scheme insurance requirements. It also indicated that strata companies felt they were only being presented with insurance quotes that gave their strata manager the best commission.	• Amend insurance requirements in the Strata Act by: - Requiring a minimum number of insurance quotes to be sourced every time insurance is taken out or renewed. - Outlining what is considered “reasonable steps” for obtaining insurance. - Providing greater flexibility for strata companies to obtain the required insurance on “reasonable terms”.
19 Addressing building defects Page 30	Feedback indicated a lack of understanding or awareness of a strata company’s right when addressing building defects in strata schemes.	• Amend the Strata Act to clarify the provisions that allow the strata company to seek rectification from the party that performed defective work.
20 Balancing scheme terminations See page 31	Stakeholders indicated the current scheme termination provisions need to strike a better balance between administrative requirements, the protection of lot owners, and the ability for owners to unanimously terminate their scheme.	• Re-examine the process in the Strata Act for unanimous terminations to identify streamlining opportunities and increase the viability of these terminations.
Topic	Feedback summary	Areas canvassed for future consideration
13 Levies, budgets and financial management See pages 20-21 (in the discussion paper)	Feedback identified the lack of trust account auditing and transparency in financial transactions as an area for improvement. Lot owners called for clarity or confidence in the structure of fees charged and raised concerns around hidden or misrepresented costs at the time of purchase to lure prospective buyers.	• Consider mandatory independent audits of trust accounts through the Strata Act. • Explore a provision in the Strata Act that allows government to publish a recommended or indicative schedule of fees for common strata management services. • Contemplate improving accountability in relation to the accuracy of estimated income, expenditure, and levies by exploring options providing recourse to the buyer if these vary significantly to what is disclosed precontract.

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14 Proxies and voting See pages 22-23	Feedback cited proxy misuse or abuse by developers including “proxy harvesting” through building and sales contracts. Proxies were used to delay action on building defects during the warranty period or avoid addressing them altogether leading to increased repair and maintenance costs for strata companies.	• Explore the introduction of safeguards for lot owners and further limits on developers holding proxies in situations involving building defects to address potential conflicts of interest within the Strata Act. • In the Strata Act, consider implementing penalties for developers that breach the limitations on voting on resolutions regarding defects in scheme buildings or infrastructure.
15 Governance and conduct by-laws See page 24-25	Feedback broadly indicated that the by-laws under Schedules 1 and 2 of the Strata Act are no longer relevant to modern living. It also reflected a need for by laws to be enforced consistently and fairly across schemes.	• Consider introducing standardised or default by-laws into strata legislation addressing smoke and vape drift between lots. • Examine the potential for a sliding scale for by-law enforcement. For example, minor breaches may receive three formal warnings (e.g. laundry drying within view of the outside of the lot) whereas serious breaches may be subject to an immediate enforcement action (e.g. serious damage to common property or illegal use of a lot).
16 Strata councils: performance and conflicts of interest See page 26	Feedback indicated instances of developers using contracts to secure positions on the strata council and subsequently making decisions which could be seen as a conflict of interest/not in the best interests of the scheme.	• Consider implementing restrictions in the Strata Act on developers serving on strata councils after the scheme is completed, to protect the interests of lot owners.
17 Resolving conflict and an oversight body See pages 27-28	Feedback indicated current dispute resolution processes are insufficient, with stakeholders seeking easier access to advice and support to help navigate disputes before they escalate. Feedback on the State Administrative Tribunal's (SAT) effectiveness in resolving disputes was mixed. While stakeholders considered SAT effective in fulfilling its role, the process was also seen as costly, complex and time-consuming. Feedback indicated broad support for an independent, strata specific consumer body to regulate the strata management industry and resolve disputes.	• Explore a mandatory dispute resolution process that is to be implemented at scheme level prior to escalation to the State Administrative Tribunal (SAT). • Consider establishing a dedicated advisory service to offer general guidance on rights and responsibilities under the Strata Act. • Consider the establishment of a consumer protection body to provide early intervention through structured mediation, helping resolve disputes within schemes and redirecting the cases currently heard at SAT. • Assess the viability of creating a fully empowered consumer body such as a Strata Commissioner to mediate and adjudicate strata disputes in a semi-judicial setting, offering a more accessible alternative to the SAT and enforcing conduct and governance standards across the sector.

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18 Scheme insurance See page 29	Feedback indicated the increasing cost and reduced accessibility of scheme insurance is a current and growing issue for strata companies and lot owners. Feedback indicated that there was not enough flexibility in the Strata Act around the application of scheme insurance requirements.	Consider amendment of the Strata Act to include parameters around what constitutes “reasonable terms” for exempting a scheme from legislated insurance requirements, in consultation with SAT as the decision-making body.
19 Addressing building defects See page 30	Phase One consultation revealed significant uncertainty among strata companies and lot owners about the Strata Act’s building defect provisions. Many were unaware the provisions existed or did not understand how they operate in practice, particularly where responsibility for a defect is unclear.	Consider an amendment to the Strata Act to enable strata companies to seek rectification of building and infrastructure defects directly with developers where it is uncertain who has performed the defective work.
20 Balancing scheme terminations See page 31	Stakeholders indicated the current scheme termination provisions need to strike a better balance between the protection of lot owners and the ability for a majority of owners to terminate their scheme.	Re-examine the existing majority termination provisions in the Strata Act to achieve a better balance between the ability of the majority of lot owners to terminate the scheme and individual lot owner and consumer protections.
21 The 10-year maintenance plan See page 32	Feedback from strata companies noted that there was no requirement to fund the maintenance identified under the 10-year plan and that their policies now include exclusions or higher premiums due to maintenance items identified in their 10-year maintenance plan. Feedback showed strong support for the 10-year plan and suggested it should be extended to smaller schemes.	- Consider the introduction of a requirement in the Strata Act for strata companies to fund the maintenance identified in the 10-year plan. - Explore empowering schemes to voluntarily disclose their maintenance progress in a standardised format to insurers in addition to their 10-year maintenance plan. For example, by providing a certified summary of actions taken under the 10-year maintenance plan, verified by the council of owners or a qualified professional. - Consider expanding the 10-year plan requirement in the Strata Act to schemes with: 6 lots or more (in line with the exemptions from other statutory requirements that already exists in the Strata Act for schemes of 5 lots or less), or a building replacement cost of less than \$3 million. - Those with common property listed on the State Register of Heritage Places.

Topic	Feedback summary	Areas canvassed for future consideration
22 Registration and licensing of strata managers See pages 33-34	Feedback reflected a strong call to better regulate the strata management industry in WA through a licensing or registration scheme for strata managers. It also indicated a high level of anxiety and mistrust among strata companies and lot owners in the integrity of their strata managers, specifically around conflicts of interest. Feedback supported maintaining and enhancing strata manager annual returns to strengthen accountability and transparency in the industry.	Feedback identified support for a range of approaches to strengthening oversight and accountability within the strata management industry. These approaches vary in their implementation requirements, regulatory complexity and potential cost implications for government, industry and strata owners. The options outlined below represent increasing levels of regulatory intervention, implementation effort and administrative cost, however, require further analysis. Lower-level intervention • In addition to existing requirements, introduce a publicly accessible conflict of interest register administered by government or an independent strata-specific consumer body, should one be established. • Require compliance with strata manager annual return requirements to support any future registration or licensing framework. Moderate level intervention • Implement a government-managed registration system for strata managers as a lower-cost alternative to a full licensing regime. Higher level intervention • Introduce a government-administered licensing regime for strata managers. • Establish an industry regulator to oversee the strata management industry and administer any licensing or registration framework on behalf of government.