



## Five-year review of the *Strata Titles Act 1985* Scope of review

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The *Strata Titles Act 1985* (STA) regulates the subdivision of land by strata titles schemes, the registration of schemes and creation of strata titles, the governance and operation of such schemes and the regulation of strata managers.

Section 227(1) of the STA requires the Minister to carry out a review of the operation and effectiveness of the STA after 5 years from the commencement of section 4, which was 1 May 2020. Unlike the *Land Information Authority Act 2006*, no further guidance is outlined in the STA about the matters to be covered in the review.

### Section 227. Review of this Act

- (1) The Minister must review the operation and effectiveness of this Act as soon as practicable after the expiry of 5 years from the day on which the *Strata Titles Amendment Act 2018* section 4 comes into operation.
- (2) The Minister must, as soon as practicable —
  - (a) prepare a report about the outcome of the review; and
  - (b) cause a copy of the report to be laid before each House of Parliament.

In the absence of specific guidelines for review in the STA the Public Sector Commission [Guidelines for reviewing legislation](#) (PSC Guidelines) will also inform the review. The PSC Guidelines provide that when government legislation and regulations are reviewed, consideration needs to be given to whether the legislation is current, compliant, fit for purpose and meets the needs of stakeholders.

This document sets out the scope of this review, covering the operation and effectiveness of the STA in light of the PSC Guidelines and according to the three themes set out below and associated problem statements.

## Theme 1 | Improving cost controls in strata titles schemes

In summary, this area of research and consultation will explore:

- Subdivision costs
- Resident and lot owner protections around financial hardships
- Decision-making processes around infrastructure
- 10-year maintenance plan.

### Refer to problem statement below for more information >

Purchasing a strata lot has traditionally been a lower cost entry into the homeowner, owner, commercial and industrial markets. Whilst this may still be the case, the ongoing cost of strata lot ownership is increasing, and more strata owners are finding it difficult to pay their contributions/levies.

Strata companies are also affected as ageing buildings attract increasing maintenance costs, and the contributions may not be able to be raised to fund critical building safety costs. The review will consider if existing mechanisms in the STA can be leveraged to assist lot owners and strata

companies to better control strata costs, noting that individual rights and group rights can be difficult to balance.

The original 1966 STA regulated built form cubic spaces. Since then, the STA has been extended to provide for strata with vacant lots, survey-strata, special provisions for single tier strata schemes and, in 2020, to leasehold strata. Subdivision and development approvals processes differ depending on the type of strata titles scheme and date of its creation.

These issues are reflected in the following questions:

- Would the costs of strata development be reduced if the subdivision and development approvals processes were streamlined?
- Should the STA be amended to include consumer protections around financial hardships? Examples include requiring a strata company to consider requests from lot owners for payment plans or debt management plans and providing clear rules around administrative fees associated with financial hardship requests.
- Have the 2020 STA amendments requiring a designated strata company to prepare a 10-year plan been effective in assisting strata companies decide how much money to set aside in their reserve fund and scheduling maintenance in accordance with the plan? Has the 10-year plan requirement assisted strata companies in their plans for raising funds incrementally, is the requirement fit for purpose?
- Decision-making processes were streamlined in the 2020 STA amendment (sustainability infrastructure), making electrical infrastructure (e.g. embedded electricity networks, solar panels, electronic vehicle chargers) easier to implement on common property in strata. How successful have these reforms been in the uptake of sustainability infrastructure, particularly for older strata schemes whose electrical infrastructure require significant investment?
- Have the seller disclosure provisions in the 2018 STA amendment given buyers better understanding of the cost of what they are buying into?

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## Theme 2 | Enhance strata living

In summary, this area of research and consultation will explore:

- Scheme governance provisions and by-laws
- Proxy provisions
- Alterations to lots and common property
- Dispute resolution and strata advice services.

**Refer to problem statement below for more information >**

There are close to 340,000 strata lots registered with Landgate and over 85% are residential. That's between 11-27%<sup>1</sup> of WA's population living in strata communities and it is increasing.

As more West Australians choose to live in strata, the review will consider the STA's current effectiveness in supporting such communities and community decision-making, in situations where there are a range of views, a range of solutions and in some cases conflict.

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<sup>1</sup> Figures cited from the [2022 Australian Strata Insights Report](#) published by the City Futures Research Centre of the University of NSW, funded by the Strata Community Association. The figures are based on the number of strata lots in WA as at June 2022, which the report states was 256,596. As at February 2024 there were over 339,500 strata lots.

- The requirements for voting by proxy were clarified in the 2020 strata amendments, how well do these rules work and are any changes needed? If so, what changes, for example imposing limits on proxies held or time limits requiring proxies to be renewed periodically?
- Is there value in amending the STA to create a tiered approach for strata councils so that schemes with lots of 50 or more are required to fulfil more governance obligations consistent with the financial and maintenance risks larger schemes must manage, including encouraging outside expertise on councils? Consider if the answer depends on whether the scheme is high-rise strata or survey-strata.
- By-laws (particularly compliance and enforcement) and common property (what can or cannot be done) are common disputes in strata. Are there obstacles in the STA that hinder the effectiveness of the various provisions covering by-laws and common property? What more could be done to both reduce and resolve disputes as quickly as possible?
- Altering lots and/or common property is another frequent topic of dispute in strata. How could the rules around lots and/or common property alterations be simpler? For example, should the STA allow certain alterations to a lot in strata schemes so that consent would not be required? In the case of survey-strata do the requirements for consent for structures that will not conform to plot ratio restrictions or open space requirements impose an unnecessary burden on survey-strata lot owners?
- The cost and processes of resolving disputes through the State Administrative Tribunal (SAT) can be an obstacle for some strata companies and lot owners. Is there value in amending the STA to include alternative low-cost dispute resolution pathways such as a complaint process with prescribed timelines or conciliation along similar lines as offered through DEMIRS Consumer Protection or NSW Fair Trading free strata mediation service?
- Have the 2018 STA amendments to the termination of schemes provisions been successful in ensuring transparent and fit for purpose termination processes? Noting that the total number of scheme terminations dropped once the amendment became law, are the termination rules too complex, too expensive? Over 30% of the strata schemes registered in WA are over 31 years of age, could scheme termination be a solution to the cost pressures of maintaining ageing buildings?
- Building maintenance is difficult where the strata company does not have building manuals and incur costs to determine requirements before any maintenance can start. Should there be an obligation on the builder/developer to provide at the first AGM a manual (written or electronic) setting out the ongoing operation and maintenance of all plant, equipment and infrastructure within the scheme? Once provided at the AGM the strata company is then responsible for updating and maintaining the manual for the life of the scheme.
- Is there a better way that lot owners and occupiers can get general advice about strata management issues (other than from their strata council or strata manager)? Should the WA government have a role in providing general advice along the lines of published advice (eg. DEMIRS Consumer rights) or an advice service (eg. DEMIRS individual advice line or the Telecommunications Industry Ombudsman)?

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### Theme 3 | Strata manager practice and standards

In summary, this area of research and consultation will explore:

- Strata manager professional standards and compliance measures
- Protections for strata company funds held in ADIs (authorised deposit-taking institutions).
- The dispute resolution role of the State Administrative Tribunal.

## Refer to problem statement below for more information >

Dissatisfaction with the strata manager is the most common complaint received by Landgate from strata lot owners. This is not unusual if the strata company has delegated its management functions under the STA to a strata manager under a strata management contract and the strata manager is the first contact when there is a problem with the scheme.

It is recognised that strata management in WA is increasingly complex. The development of more high-rises (varying degrees of building quality adds to the complexity), triaging building maintenance, conflict management between strata lot owners, management of strata scheme meetings, collection of contributions for administrative and reserve funds and the accounting requirements for strata company funds together with a raft of building safety laws, is challenging individuals in the strata management industry to be skilled across many different professional and management services. Attracting and retaining employees with the necessary skills and high turnover in an environment where strata companies are looking to save costs, make it difficult to ensure strata management services are meeting customer expectations.

- How can the STA nurture a more skilled and professional strata management industry to deal with the spectrum of strata governance and community living issues?
- Does the role of the strata manager under the STA require clearer definition?
- To what extent would a licensing or registration system for strata managers help meet the policy goal of a more skilled and professional strata management industry?
- Is the strata management contract and imposition of statutory duties on the strata manager an effective way to regulate strata managers?
- Should there be further protection under the STA for strata company funds held in Authorised Deposit taking Institutions accounts of strata managers?
- Is SAT working as an effective mechanism to address strata manager disputes?

### For more information

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