



New South Wales

Strata Management Legislation Amendment Bill 2008

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

This Bill is cognate with the *Environmental Planning and Assessment Amendment Bill 2008*.

Overview of Bill

The object of this Bill is to amend the *Strata Schemes Management Act 1996* (***the Principal Act***):

- (a) to make it clear that the provisions in that Act relating to the appointment of caretakers extend to persons who fall within the description of caretaker in that Act regardless of what they are called, and
- (b) to remove the ability of an owners corporation to make by-laws during the initial period authorising parking on common property, and
- (c) to place certain restrictions on the casting of votes by original owners and certain persons connected with them by using proxies and powers of attorney, and
- (d) to require members of executive committees of strata schemes and candidates for membership of such committees to disclose connections with original owners and caretakers of those schemes.

The Bill also amends the *Home Building Act 1989* to enable owners of lots in strata schemes and schemes under the *Community Land Management Act 1989* to request the investigation of building disputes and allow access to common property for the purposes of such an investigation.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Clause 3 is a formal provision that gives effect to the amendments to the *Strata Schemes Management Act 1996* set out in Schedule 1.

Clause 4 is a formal provision that gives effect to the amendments to the *Home Building Act 1989* set out in Schedule 2.

Clause 5 provides for the repeal of the proposed Act after all the amendments made by the proposed Act have commenced. Once the amendments have commenced the proposed Act will be spent and section 30 of the *Interpretation Act 1987* provides that the repeal of an amending Act does not affect the amendments made by that Act.

Schedule 1 **Amendment of Strata Schemes Management Act 1996**

Schedule 1 [1] amends section 40A of the Principal Act to make it clear that the caretaker provisions of the Principal Act extend to a person who meets the description of caretaker contained in that section regardless of whether the position to which the person was appointed is called something else, for example, building manager. **Schedule 1 [8]** amends the Dictionary to the Principal Act to make a consequential amendment.

Schedule 1 [2] repeals section 56 of the Principal Act which enables the owners corporation, with the approval of the local council, to make a by-law during the initial period authorising an owner to park a vehicle on the common property of the strata scheme concerned.

Schedule 1 [3] amends clause 11 of Schedule 2 to the Principal Act to prevent an original owner or a person connected with an original owner from casting a vote by means of a proxy or power of attorney given by another owner of a lot in the strata scheme concerned if the proxy or power of attorney was given pursuant to a term of the sale contract for the lot or an ancillary contract or arrangement. The amendment does not prevent a proxy or power of attorney being given by a person to another person connected with him or her. **Schedule 1 [9]** amends the Dictionary to the Principal Act to define when a person is to be taken to be connected with another person.

Schedule 1 [4] inserts clause 3A into Schedule 3 to the Principal Act to require a person to disclose that he or she is connected with the original owner or caretaker of

a strata scheme before standing for election as a member of the executive committee for the strata scheme or being appointed to act as such a member. The proposed clause also requires a person who is a member of an executive committee or is acting as such a member to disclose if he or she becomes connected with the original owner or caretaker.

Schedule 1 [5] amends clause 4 of Schedule 3 to the Principal Act to place certain limitations on the voting by an original owner on a motion that a member of the executive committee should vacate office.

Schedule 1 [6] and [7] amend Schedule 4 to the Principal Act to include provisions of a savings and transitional nature consequent on the enactment of the proposed Act.

Schedule 2 Amendment of Home Building Act 1989

Schedule 2 [1] amends section 48C of the *Home Building Act 1989* to make it clear that an owner of a lot in a strata scheme or scheme under the *Community Land Management Act 1989* may notify the Commissioner for Fair Trading about a building dispute relating to common property or association property in the relevant scheme.

Schedule 2 [2] amends section 48D of the *Home Building Act 1989* to enable an inspector to enter common property in a strata scheme or association property in a scheme under the *Community Land Management Act 1989* at the request of an owner of a lot in the scheme concerned for the purpose of investigating a building dispute.



New South Wales

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Contents

	Page
1 Name of Act	2
2 Commencement	2
3 Amendment of Strata Schemes Management Act 1996 No 138	2
4 Amendment of Home Building Act 1989 No 147	2
5 Repeal of Act	2
Schedule 1 Amendment of Strata Schemes Management Act 1996	3
Schedule 2 Amendment of Home Building Act 1989	7



New South Wales

Strata Management Legislation Amendment Bill 2008

No. , 2008

A Bill for

An Act to amend the *Strata Schemes Management Act 1996* and the *Home Building Act 1989* to provide further rights and protections for owners of lots who are not developers; and for other purposes.

The Legislature of New South Wales enacts:	1
1 Name of Act	2
This Act is the <i>Strata Management Legislation Amendment Act 2008</i> .	3
2 Commencement	4
This Act commences on a day or days to be appointed by proclamation.	5
3 Amendment of Strata Schemes Management Act 1996 No 138	6
The <i>Strata Schemes Management Act 1996</i> is amended as set out in Schedule 1.	7 8
4 Amendment of Home Building Act 1989 No 147	9
The <i>Home Building Act 1989</i> is amended as set out in Schedule 2.	10
5 Repeal of Act	11
(1) This Act is repealed on the day following the day on which all of the provisions of this Act have commenced.	12 13
(2) The repeal of this Act does not, because of the operation of section 30 of the <i>Interpretation Act 1987</i> , affect any amendment made by this Act.	14 15

Schedule 1	Amendment of Strata Schemes Management Act 1996	1
		2
	(Section 3)	3
[1]	Section 40A Who is a caretaker?	4
	Insert after section 40A (3):	5
	(4) For the purposes of this Act, a person is taken to be a caretaker for a strata scheme if the person meets the description of a caretaker set out in this section, regardless of whether the title given to the person's position is caretaker, building manager, resident manager or any other title.	6 7 8 9 10
[2]	Section 56 Certain by-laws relating to parking may be made during initial period	11
	Omit the section.	12 13
[3]	Schedule 2 Meetings and procedure of owners corporation	14
	Insert after clause 11 (7):	15
	(7AA) An original owner or a person connected with the original owner may not cast a vote by means of a proxy or power of attorney given by another owner of a lot in the strata scheme concerned if the proxy or power of attorney was given pursuant to a term of the sale contract for the lot or pursuant to another contract or arrangement that is ancillary to the sale contract.	16 17 18 19 20 21
	(7AB) Any contract or arrangement referred to in subclause (7AA) is unenforceable to the extent that it requires the giving of any such proxy or power of attorney.	22 23 24
	(7AC) Subclauses (7AA) and (7AB) do not apply to a proxy or power of attorney given by a person to another person connected with him or her.	25 26 27
[4]	Schedule 3 Constitution of executive committee of the owners corporation and meetings of executive committee	28
	Insert after clause 3:	29 30
	3A Disclosure of certain interests by candidates for executive committee elections and acting members	31 32
	(1) A person who is connected with the original owner or caretaker of a strata scheme is not eligible to be elected as a member of an executive committee for the strata scheme unless:	33 34 35

(a)	the person discloses the connection that the person has with the original owner or caretaker, and	1 2
(b)	the disclosure is made at the meeting of the owners corporation at which the executive committee is to be elected and before the election is conducted.	3 4 5
(2)	A disclosure made under subclause (1) is to be included in the minutes of the meeting at which the disclosure is made.	6 7
(3)	A person who is connected with the original owner or caretaker of a strata scheme is not eligible for appointment to act in the place of a member of the executive committee unless:	8 9 10
(a)	the person discloses any connection that the person has with the original owner or caretaker, and	11 12
(b)	the disclosure is made in writing to the executive committee before the consent of the executive committee is given under clause 3.	13 14 15
(4)	A person who becomes connected with the original owner or caretaker of a strata scheme after being appointed as, or to act in the place of, a member of the executive committee must disclose any connection that the person has with the original owner or caretaker to the secretary or, if the person is the secretary, to the chairperson. The disclosure must be made as soon as possible after the person becomes aware of the connection.	16 17 18 19 20 21 22
(5)	The secretary or chairperson to whom a disclosure is made under subclause (4) must ensure that the disclosure is included on the agenda for the next general meeting of the owners corporation.	23 24 25
[5] Schedule 3, clause 4 (4)		26
	Insert after clause 4 (3):	27
(4)	If a motion is proposed to determine that a person's office as a member of the executive committee should be vacated:	28 29
(a)	the original owner or, where the original owner is a corporation, a company nominee of the corporation has one vote for each 3 lots in respect of which the original owner is entitled to vote (ignoring any fraction) unless the original owner is the owner of less than one-half of the lots, and	30 31 32 33 34 35
(b)	the original owner or, where the original owner is a corporation, a company nominee of the corporation is not entitled to vote on the motion as a proxy for any person.	36 37 38
	Note. A determination by an owners corporation that a person's office as member of the executive committee is vacated requires a special	39 40

	resolution which is defined as a resolution which is passed at a duly convened general meeting of an owners corporation and against which not more than one-quarter in value, ascertained in accordance with clause 18 (2) and (3) of Part 2 of Schedule 2, of votes is cast.	1 2 3 4
[6]	Schedule 4 Savings, transitional and other provisions	5
	Insert at the end of clause 1 (1):	6
	<i>Strata Management Legislation Amendment Act 2008</i>	7
[7]	Schedule 4, Part 6	8
	Insert after Part 5:	9
	Part 6 Provisions consequent on enactment of Strata Management Legislation Amendment Act 2008	10 11 12
23	Definition	13
	In this Part, <i>amending Act</i> means the <i>Strata Management Legislation Amendment Act 2008</i> .	14 15
24	Exclusive by-laws relating to parking	16
	(1) The repeal of section 56 by the amending Act does not affect any by-law that was recorded by the Registrar-General before that repeal.	17 18 19
	(2) Section 56 as in force immediately before its repeal by the amending Act is taken to continue to apply to a proposed by-law for which written approval was given under that section before that repeal but that was not recorded by the Registrar-General before that repeal.	20 21 22 23 24
25	Existing proxies and powers of attorney	25
	(1) An amendment made to this Act by the amending Act does not affect the casting of a vote by means of any proxy or power of attorney in force immediately before the commencement of the amendment.	26 27 28 29
	(2) However, subclause (1) does not operate in relation to the casting of a vote in any period during which the proxy or power of attorney is in force because of a renewal or extension of its term that took place after the commencement of the amendment concerned.	30 31 32 33 34

[8] Dictionary	1
Insert in alphabetical order in Part 1:	2
<i>caretaker</i> means a person described in section 40A as a caretaker.	3
[9] Dictionary, Part 2	4
Insert after clause 6:	5
7 References to a person connected with another person	6
(1) For the purposes of this Act, a person (<i>the principal person</i>) is connected with another person if the other person:	7
(a) is a relative (within the meaning of the <i>Local Government Act 1993</i>) of the principal person or, where the principal person is a corporation, is a relative of the holder of an executive position in the corporation, or	8
(b) is employed or engaged by the principal person or is a partner of the principal person, or	9
(c) where the principal person is a corporation, holds an executive position in the corporation, or	10
(d) is the employer of the principal person, or	11
(e) is employed or engaged by, or holds an executive position in, a corporation that also employs or engages the principal person or in which the principal person holds an executive position, or	12
(f) has any other connection or relationship with the principal person of a kind prescribed by the regulations.	13
(2) However, the principal person is not connected with another person who is a member of an owners corporation, or the executive committee of an owners corporation, merely because of any dealing, contact or arrangement the other person has with the principal person in the other person's capacity as such a member.	14
(3) In this clause, <i>executive position</i> in a corporation means the position of director, manager or secretary of the corporation, or any other executive position of the corporation, however those positions are designated.	15
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Schedule 2	Amendment of Home Building Act 1989	1
	(Section 4)	2
[1]	Section 48C Notification of building dispute	3
	Insert at the end of the section:	4
	(2) Without limiting subsection (1), a notification under that subsection may be made by:	5
	(a) an owner of a lot in a strata scheme (within the meaning of the <i>Strata Schemes Management Act 1996</i>) about residential building work or specialist work relating to common property in the strata scheme, or	6
	(b) a proprietor of a lot in a scheme (within the meaning of the <i>Community Land Management Act 1989</i>) about residential building work or specialist work relating to association property in the scheme.	7
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[2]	Section 48D Investigation of dispute	15
	Insert after section 48D (2):	16
	(3) For the purposes of making an investigation in relation to common property in a strata scheme (within the meaning of the <i>Strata Schemes Management Act 1996</i>), an inspector may enter and inspect the common property at the request of the owner of a lot in the scheme concerned.	17
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	(4) The owners corporation, any person who has exclusive use of the common property concerned and any caretaker or manager of the common property are to provide such assistance as is reasonable to enable an inspection of that common property to be carried out by an inspector under this section.	22
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	(5) For the purposes of making an investigation in relation to association property in a scheme (within the meaning of the <i>Community Land Management Act 1989</i>), an inspector may enter and inspect the association property at the request of the proprietor of a lot in the scheme concerned.	27
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	(6) The relevant association that has the use of the association property concerned and, if the use of that association property has been restricted to a particular proprietor or proprietors, any such proprietor, and any caretaker or manager of the association property are to provide such assistance as is reasonable to enable an inspection of that association property to be carried out by an inspector under this section.	32
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Strata Management Legislation Amendment Bill 2008

Schedule 2 Amendment of Home Building Act 1989

- (7) For the avoidance of doubt, a person may be authorised under section 126 by the Director-General for the purposes of this section.

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