

28 September 2022

Ms Victoria Thomson
Deputy Director-General
Department of Justice and Attorney-General
GPO Box 149
BRISBANE QLD 4001

By Email: ctlwgsecretariat@justice.qld.gov.au

Dear Ms Thomson

Community Titles Legislation Working Group

Thank you for the opportunity to provide feedback on behalf of the property industry in relation to the Community Titles Legislation Working Group.

The Property Council of Australia is the leading advocate for Australia's biggest industry – property. We are a national not-for-profit organisation established to promote the work of the property industry in delivering prosperity, jobs and strong communities to all Australians. Here in Queensland, the Property Council represents over 390 member companies across residential, commercial, retail, retirement living, industrial, tourism and education sectors.

The Property Council shares the sentiment that 'there are strongly held and differing views about management rights in the community titles sector'. We acknowledge the importance of legislation needing to be dynamic so as to keep pace with a continually evolving social and economic landscape. However, the longstanding legislation regulating building management rights has proved to be a robust framework upon which the countless people living, working and holidaying in Queensland have been able to grow and thrive. The current legislation carefully balances the needs of building owners, managers and residents, and the proposed amendments to this legislation as outlined in the consultation paper could upset this delicate balance.

We note that the consultation paper makes reference to other jurisdictions' legislative frameworks, however, Queensland is unique in that it is home to a relatively large amount of community title schemes, which includes a significant number of tourism operators. It is therefore arguable that comparison to other jurisdictions is of little utility, and changes to Queensland's legislative framework should not be based on these comparisons.

Additionally, the consultation paper outlines the grievances that stakeholders have raised with the Community Titles Legislation Working Group, however, we are

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concerned that these grievances are not quantifiable. We acknowledge the difficulties in gathering precise and comprehensive data regarding regulatory issues, however, it is arguable that major legislative reform should only occur if there is conclusive evidence that such reform is warranted.

Our reading of the consultation paper is that the grievances raised by stakeholders seem to stem from dissatisfaction with poorly performing building managers. The Property Council shares these concerns, and we are interested in being part of a productive dialogue around this issue. However, the proposed solutions to resolve these grievances appear excessive, and risk jeopardising Queensland's efficient and functional regulatory framework for the management of community titled buildings. The Property Council is specifically concerned with the following proposed solutions:

- reducing the length of contract terms for all new management rights contracts,
- limiting the duration of the management rights contract an original owner can enter into on behalf of a body corporate, and
- removing the ability for management rights contracts to be amended to include a right or option of extension or renewal.

If adopted, these solutions would have profound negative impacts on Queensland's many community title schemes. Institutional investment in community titled property in Queensland would be disincentivised, as long-term onsite management provides investors with an efficient, safe and value-oriented means to manage their investments. If this outcome was allowed to eventuate, this would significantly exacerbate Queensland's already dire housing crisis. Such an outcome would also compromise Queensland's tourism industry, where investment in community titled accommodation will prove to be vital in the lead-up to the 2032 Olympic and Paralympic Games.

Smaller investors in building management rights would also suffer undue consequences. These investors are often couples or families who purchase management rights with their savings or superannuation. These investors have a vested interest in ensuring buildings are well-managed, because in order to maintain the value of their investment and have their management rights agreements 'topped up', they must ensure that lot owners are satisfied.

Thank you for the opportunity to provide feedback on the Community Titles Legislation Working Group. We welcome the opportunity to discuss any aspect of this submission with the Office of Regulatory Policy in more detail. If you have any questions in relation to the Property Council or this submission, please do not hesitate to contact me on jwilliams@propertycouncil.com.au or 0448 432 936.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jen W', written in a cursive style.

Jen Williams
Queensland Executive Director