Urban Development Institute of Australia
QUEENSLAND

GPO Box 2279
Brisbane QLD 4001
Level 12, 120 Edward Street
Brisbane QLD 4000
T 07 3229 1589
E udia@udiaqld.com.au
www.udiaqld.com.au
ACN 010 007 084
ABN 32 885 108 968

29 November 2019

Office of Regulatory Policy
Department of Justice and Attorney-General
GPO Box 3111
BRISBANE QLD 4001

BY POST/EMAIL – QUTreviewBCCM@justice.qld.gov.au

Dear Sir/Madam,

Body Corporate and Community Management (Standard, Accommodation, Commercial, Small schemes, and Specified two-lot schemes Modules) Regulation 2019

Thank you for the opportunity to provide comment on the draft Body Corporate and Community Management Regulation 2019 (Standard, Accommodation, Commercial, Small schemes, and Specified two-lot schemes modules). The Urban Development Institute of Australia Queensland (the Institute) strongly supports the efforts of the government in seeking best practice arrangements for Body Corporate and Community Management regulations. Enabling the industry to better supply dwellings for our growing and increasingly diverse community is critical to achieving affordable housing and strong employment. We also thank you for the briefing and discussion opportunity provided to the Institute on 22 November 2019.

The Institute made submission on the Body Corporate and Community Management (Standard Module) Regulation 2019 (dated 18 October 2019). Our support in that submission for many proposed changes that streamline and modernise community management procedures is also relevant to the additional modules. The proposed changes that clarify requirements and place more accountability on developers, committees, owners, caretaking contractors, and body corporate managers are also in general supported. This submission in general refines the Institute's previous submission acknowledging that a number of provisions are largely replicated from the standard module to the others. Our previous submission remains relevant with this submission providing greater detail on particular issues.

The amendments provide some changes that acknowledge the special position of a developer in a scheme to facilitate the delivery of the project and ensure its future operation and the investments of owners. While the changes are not as extensive as the Institute would like, the lack of specific provisions in the past has resulted in breakdowns in project progression and added costs to projects to facilitate service contracts and time critical resolutions when the developer still owns a majority of the lots or is the only party sensibly able to address matters from a position of knowledge. Some further recommendations in this regard are provided.

The Institute particularly emphasises that substantial consideration needs to be given to the transition timing for these proposed amendments. Developers currently hold millions of dollars of pre-sale contracts that if not

carefully treated will cause major disruption to the very many home purchases presently in train. Given the scope of some of the changes to disclosures, scheme set-up, and handovers, a clear outline of grandfathering, a staged transition and perhaps an amnesty period is required to resolve current contracts and forward impacts. The Institute is keen to work with the Department as these transitional arrangements are developed. At this stage, transition could involve setting a date perhaps one year in advance after which new schemes would be expected to meet information production requirements (Section 98).

The Institute supports the release of additional modules and encourages the development of additional modules to address additional development types. This is particularly relevant to the hotel uses that do not sit comfortably in either the Accommodation or Commercial Modules.

Some concerns are raised with aspects of the proposed changes and are outlined in the attached schedule. In general, the following recommendations are made. It is recommended that:

- Clarification is provided regarding provisions for expanded principal scheme committee members that a resolution can be passed to reduce or increase the number as required
- The number of committee members also be permitted to be recorded in and set by the Community Management Statement and allowance is made for large scale projects where subsidiary scheme numbers may exceed the threshold for committee membership at the principal level
- Changes to committee member eligibility, sections 66 and 69 not exclude the original owner where it forms the committee until the first AGM has been held and recognition of the original owner exercising powers and functions of the committee until first elected be included
- The wording of section 102 be clarified in regard to sections 211 and 219, regarding permitting Powers of attorney for multiple owners of one lot and owners of more than one lot
- The original owner be recognised as being able to exercise the powers and functions of the Committee before the first AGM has been held (which is when the Committee is elected) and the developer's corporate nominee also be permitted on the committee even if the first AGM has been held and the developer holds a service contract to allow completion of the project
- The requirement for the development approval to be supplied to the first AGM be limited to provision of the then current and latest Material change of use or Reconfiguration of a lot approval that applies to the Scheme land
- The requirement for a five-year administrative fund forecast be changed to a maximum of two years acknowledging the forecast can be a guide only (the first year's budget for a scheme's administrative fund and the forecast disclosure statement information as to contributions needs to consider an assumed post warranty position for significant infrastructure and disregarding the developer's obligation to effect insurance for the first year of the scheme's operation)
- A more succinct facilities management plan definition apply as the amount of material may be considerable and onerous and should reflect the body corporate's statutory obligations and allowances already made for major capital expenditure in sinking fund forecasts and budgets
- The original owner be able to make a fixed contribution at the original owner's cost and for the benefit of the body corporate for an independent consultant to prepare and contract to maintain the facilities management plan for up to five years (with the plan to reflect and be based on the type of plans (for example, standard or building format plans etc) and number of lots comprised in the scheme up to a cap). Where the scheme is the subject of staged development, the original owner's rights and obligations would extend to procuring an update to the facilities management plan, at its cost, at each stage where the scheme is 'changed' as set out in a forecast of progressive development in Schedule B to the recorded Community Management Statement – if the facilities management plan did not accommodate that staged development at the outset
- For small schemes, the relevant facilities management plan requirements may be included in the Community Management Statement with the option for larger schemes to also do so

- The regulations for the Defect assessment report should identify what are the rectification requirements or consequences for any defects that are identified, including as to programming of works and timing for undertaking of works for all new schemes
- Further consideration be given to making obtaining a Defect assessment report mandatory as there is little point to making this a voluntary matter if it is considered important enough to warrant specific legislative provision beyond the body corporate's existing statutory maintenance obligations
- The defects rectification process be reviewed to clarify effective roles and responsibilities consequent upon a report being obtained, and in particular to recognise the subrogation provisions in the Act and modules and the context of developers holding and exercising defect rectification rights under building contracts in terms of any rectification works program and competing entitlement to enforcement of rights
- The Defect assessment report be tied to the body corporate's common property maintenance obligations regardless of the nature of the scheme
- Consideration be given to development of a hotel module in the short term.

In transition arrangements it is recommended sales disclosure documents may indicate if the new rules apply, and after 12 months from gazettal date information requirements for the first AGM are required to be complied with.

Conclusion

Thank you for the opportunity to provide you with the Institute's views on the draft Body Corporate and Community Management (Standard, Accommodation, Commercial, Small schemes, and Specified two-lot schemes Modules) Regulation 2019.

If there is any matter that you wish to discuss, please contact Martin Zaltron (Manager of Policy) on mzaltron@udiaqld.com.au or 3229 1589.

Yours sincerely,
Urban Development Institute of Australia Queensland

Kirsty Chessher-Brown
Chief Executive Officer

Body Corporate and Community Management (Standard, Accommodation, Commercial, Small schemes, and Specified two-lot schemes Modules) Regulation 2019 comments

Note references are to the Standard Module sections unless otherwise indicated.

Committees for layered schemes

Principal schemes – Committee membership

Permitting a Body corporate for a principal scheme, to decide by ordinary resolution to increase the number of committee members from seven to 12 committee members, is generally desirable to allow the subsidiary schemes for large developments to participate and form part of the committee for the principal scheme.

It is recommended that clarification is provided to confirm the number of committee members may be changed as and when required i.e. a resolution is not required each year nor is this resolution only a once only event.

It is also recommended the number of committee members also be permitted to be recorded in and set by the Community Management Statement (CMS). Further in layered schemes, a committee member at principal scheme level should be able to represent more than one subsidiary scheme where so authorised by a resolution of the relevant subsidiary schemes; this right to could apply where the CMS includes a provision that allows for the relevant subsidiary schemes to nominate a common representative. This would address a situation where for a large master planned community subsidiary schemes outnumber the maximum committee membership number at principal scheme level or where subsidiary schemes do not otherwise have volunteers willing to fulfil the roles. Allowance should also be made for subsidiary schemes to appoint alternates (as opposed to a proxy) to a principal scheme committee so that the authority of the alternate is confirmed once and the workload may be shared without requiring an inefficient expansion of principal scheme committee membership.

It is recommended that clarification is provided regarding provisions for expanded principal scheme committee members that a resolution can be passed to reduce or increase the number as required and the number of committee members also be permitted to be recorded in and set by the Community Management Statement.

Committee Meetings

Powers of attorney (POA)

The Institute supports the moves to exclude proxy farming practices of the past.

The Institute has however some concerns with the wording of this section. The exception to allow developer POAs is not worded correctly in the standard module. The POA is not 'given' under either section 211 or 219 – the POA is an attorney 'to which the disclosure requirements of sections 211 or section 219 apply'. It is recommended wording of section 102 be clarified in regard to sections 211 and 219. Provision for the developer to operate in order to complete creation of the scheme is critical.

It is recommended the wording of section 102 be clarified in regard to sections 211 and 219, regarding permitting POAs for multiple owners of one lot and owners of more than one lot.

Committee member's ineligibility to vote at committee level if they owe a debt, or the nominating entity owes a debt (s66,s69)

The Institute supports this inclusion, but recommends that it not restrict the original owner as it in effect forms the committee until the first AGM has been held. The original owner should be invested with the functions of a committee and of each executive member of the committee pending election of the Committee at the first AGM. This would replicate the investiture of power in a body corporate manager (refer section 79 Standard Module (SM) / 67 Accommodation module (AM)). There is currently no recognition of this role formally, yet the Act and Module assume committee powers and functions are exercisable prior to the first AGM being held. This simple change would eliminate an area of ambiguity as to the actions of the original owner and as to the how matters relevant to the scheme's operation are to be managed prior to the first AGM. As noted in our discussion with the department, the first AGM must be convened within a fixed period so the duration of the original owner's assumption of the committee role would always be finite. The original owner has a critical role to guide and carry through the planned project to completion and should not be prevented from that plan.

It is recommended that changes to committee member eligibility, sections 66 and 69 not exclude the original owner where it forms the committee until the first AGM has been held and recognition of the original owner exercising powers and functions of the committee until first elected be included.

First annual general meeting (AGM)

Additional materials from original owner

The Institute supports the requirement for additional information to be provided to the first AGM. The Institute however has some concerns regarding practical issues that are outlined below.

Information provision - development approval

Section 98(1)(b) requires provision of a development approval. This is very general and there is likely to be a number of such approvals (most of which will be available on PD Online or equivalents). It should be noted that the approval of even a sub 10-unit apartment building is likely to run to 25 pages plus plans. Also, approvals are often varied (requiring repetition of approval materials) and additional subordinate approvals including detailed building and operational works approvals are also obtained. To avoid an unwieldy amount of material that may be confusing to scheme members, it is recommended this requirement be limited to the current and latest Material change of use (MCU) or Reconfiguration of a lot (ROL) approval for the development. Notes might also be included referring any enquirers to the PD online or local government should the full history of approvals and plans and conditions of approval be required. The MCU and ROL approvals will provide the most comprehensive summary of the approved development concept and conditions to be maintained by the scheme on an ongoing basis.

It is recommended the requirement for the development approval to be supplied to the first AGM be limited to provision of the current and latest Material change of use or Reconfiguration of a lot approval.

Information provision - five-year administrative fund forecast

Section 98(1)(p) requires provision of a five-year administrative fund forecast. The Institute acknowledges the desirability of providing prospective purchasers a reliable estimate of costs and fees owners are likely to face. The Institute is however concerned any forecast will be rendered inaccurate by outside influences such as inflation, compliance requirements, committee and owners' decisions that can see a budget increase significantly from that forecast for the first year of operation. The Institute is concerned that owners' expectations of stability of particular costs may be unnecessarily raised by this proposed fund forecast. In particular, the developer does not control the budget after the first AGM. In practice, experience indicates

that costs escalate significantly at the second year as warranties expire for significant infrastructure but thereafter (should owners not substantially change operations) will be more settled.

It is recommended the requirement for an administrative fund forecast that is provided to off-the-plan purchasers be reconsidered or be limited to a period that is more within the control of the developer, namely two years only. The policy concern as discussed at our recent meeting is that owners not be faced with surprise increases in levies after the first year of operation. Most developers adopt (or are advised to adopt) a first-year budget that considers the scheme operation on a non-warranty basis and on the basis that the insurance is not paid for by the developer (as is required in the first year). That being the case the preferable way to achieve the policy objectives would be to require the scheme's first year administrative budget and the forecast disclosure statement information as to contributions, to be based on an assumed post warranty position for significant infrastructure and disregarding the developer's obligation to effect insurance for the first year of the scheme's operation. This would better ensure the initial budgets for the scheme properly cover operating costs and will likely mean the body corporate will have an operating surplus at the end of the first year. This will strike a balance between the need to ensure owners are not faced with significant budget uplifts in years two and beyond while recognising that operating costs change over time in the normal course and are influenced by decisions of the owners themselves which cannot be accurately forecast. We note also that if the maintenance plan provisions are adopted, the maintenance plan could be a factor specified as needing to be properly considered in the preparation of budgets. Major capital expenditure will be already budgeted for in the sinking fund budgets which have long been mandated in Queensland as being required and to forecast over a 10-year rolling period.

It is recommended the requirement for a five-year administrative fund forecast be changed to a maximum of two years acknowledging the forecast can be a guide only (the first year's budget for a scheme's administrative fund and the forecast disclosure statement information as to contributions needs to consider an assumed post warranty position for significant infrastructure and disregarding the developer's obligation to effect insurance for the first year of the scheme's operation).

Information provision - facilities management plan (SM section 98(1)(o) and equivalents)

The Institute holds concerns the requirements for a facilities management plan does not adequately accommodate to the situation where a project is developed in stages. A facilities management plan presented at the first AGM relating to stage one may have little practical value once future stages are developed. The common property and Body corporate assets will be fundamentally different and / or expanded in nature to what was in place on scheme establishment.

It is recommended the original owner have an option to make a fixed contribution either by paying for, or procuring for the benefit of, the Body corporate to engage an independent consultant to prepare and contract to maintain the facilities management plan for five years. With the plan to reflect and be based on the type of plans (for example, standard or building format plans etc) and number of lots comprised in the scheme. This would occur in a similar way to the original owner taking out the insurance for the first year after establishment – it would be a known, upfront cost to the developer. The original owner should have a right to require an update to the facilities management plan at each stage where the scheme is 'changed' as set out in a forecast of progressive development in Schedule B to the recorded CMS – if the facilities management plan did not accommodate that staged development at the outset.

It is also recommended a more succinct facilities management plan definition apply as the amount of material in a facilities management plan may be considerable and may not be relevant over the long term if expanded beyond statutory responsibilities and, in general, administrative fund expenditure.

For small schemes the relevant facilities management plan requirements may only need to be included in the CMS and this option should exist – the relevant plan could be incorporated in schedule D as a permitted inclusion in the CMS. The option should also exist to reference a more detailed facilities management plan in schedule D for larger schemes. This makes sense given that schedule D may also include arrangements for the progressive connection to infrastructure in a scheme. By allowing incorporation in, or a reference to, the facilities management plan in the CMS, the plan must be enforced and the body corporate and owners must comply with the facilities management plan. Under the Act the CMS binds all owners and the body corporate and the body corporate must enforce the CMS for the scheme (s94(1)(b) of the Act).

The definition proposed for a 'facilities management plan' is overly broad and susceptible to ambiguity. It should be defined to reflect the statutory context in which the body corporate is required to maintain common property and body corporate assets. Relevantly this includes:

- The plan may not be prepared by the original owner but by a profession consultant
- The body corporate's responsibilities for 'maintaining' are set out in section 159 of the SM (and equivalents) – the plan must be consistent with those obligations and not create another category of maintenance obligations that is less or more than what is required in the regulation module, including to not extend the maintenance plan to matters that are the responsibility of lot owners. As such the definition should correspond to the concepts in the regulation module sections (159 and equivalents) but should also acknowledge that maintenance is a different concept to replacement or to repair of damage caused by an external event
- Preventing 'damage' - repair of damage caused by an external event is not maintenance in this context. The concept of a facilities management plan should be to provide appropriate maintenance to common property (including utility infrastructure comprising common property), areas and infrastructure for which the body corporate is responsible under the relevant module and body corporate assets, for the intended lifecycle of and having regard to the nature of the common property or body corporate assets. Referring to 'damage' may be intended to mean damage deriving from a lack of maintenance, but this is consequential and not a necessary way to describe the facilities management plan
- Failure to function properly etc. – as above these are consequential matters and differ from the body corporate's statutory obligations. The facilities management plan should be defined to refer to the activities and actions required to reflect the lifecycle requirements of the common property and body corporate assets
- Sub paragraph (c) this can be significantly shortened to reference matters the body corporate is responsible for maintaining as specified in the relevant module section (this is just repeated text).

As an indication of the approach to the scope of the facilities management plan and ensuring it reflects the statutory obligation of the body corporate (SM 159), sample wording might encompass the following:

> 'facilities management plan means a document provided or procured by, and at the cost of the original owner, that sets out a plan for appropriate maintenance (including inspection and reporting) necessary to enable the Body corporate to comply with its obligations under [section 159 of the SM] to maintain in a good condition, or structurally sound condition, as applicable,
>
> 1. common property, including utility infrastructure comprising common property;

2. other parts of scheme land the body corporate is required to maintain under [section 159(2) of the SM];
3. body corporate assets as required by [section 165 of the SM],

(collectively facilities) and which:

1. takes due account of the respective expected lifecycles of the facilities, as applicable;
2. will be an appropriate maintenance plan for a period of at least 5 years from scheme establishment; and
3. is not required to account for:
    a. replacement or repair of facilities at the end of their respective lifecycles;
    b. major or extraordinary repair or refurbishment that is identified in the plan as being expected to be funded from the sinking fund; and
    c. to the extent the Body Corporate's obligation is to maintain in a structurally sound condition, activities requiring expenditure from the sinking fund.'

Recommendations - Information provision - facilities management plan (section 98(1)(o) and equivalents)
It is recommended a more succinct facilities management plan definition apply as the amount of material may be considerable and may not be relevant over the long term if expanded beyond statutory responsibilities and in general administrative fund expenditure.

It is recommended that for small schemes the relevant facilities management plan requirements only need to be included in the CMS and that this mechanism also be available to reference by inclusion or incorporation of a facilities management plan in the CMS for larger schemes.

It is recommended the original owner be able to make a fixed contribution by paying for, or procuring for the benefit of, the body corporate to engage an independent consultant to prepare the facilities management plan providing for at least five years of maintenance activities(with the plan to be based on the type of plans (for example, standard or building format plans etc) and number of lots in the relevant scheme).

Defect assessment motions (sections 180/181)
Whilst broadly the proposed process is supported, the Institute has some concerns. The purpose of the Defect assessment report is to identify defective building work, the cause, and works required to rectify the issues. Statutory management of the common property would dictate that it is necessary that the body corporate take steps to understand any liabilities for common property including defects. It is recommended that the Defect assessment report be mandatory in most cases however some consideration be given to the presentation and implications of the report.

The Institute encourages careful consideration of this issue to best make things clear and support existing responsibilities and exclusions. The outcome also should indicate the actions that are required for the particular defects that are identified. The body corporate presently has responsibilities to maintain common property per present law and while the modules provide some rights of subrogation to the original owners' position under works contracts, the case law excludes a general duty of care on builders for latent defects in common property. The developer's defects liability period and insurance cover for rectification works may apply. The current proposal does not deal with the consequences of identification of defects. The body corporate would have to fix the defects given its obligations under section 152 of the Act and section 159 [SM]. This may or may not involve considerable expenditure, the raising of special contributions and the engagement of contractors or the making of insurance claims. There is however no reference to any actions that may be being taken by the original owner or developer directly with contractors in relation to identified defects and no attempt to link the defect report to any rights by subrogation the body corporate may have (section 36 of the Act) to step into the original owner's shoes or to limit that right if the original owner is

already exercising its contractual rights against a contractor. There is no guidance for the body corporate as to what actions it should take and in what time frame to effect rectification – so for example, given the report identifies specific matters, the question arises as to how and in what period the body corporate be required to act to meet its statutory responsibilities for common property. The report could for example set out a recommended program and time frame for rectification works so that the impacts from a cost and action perspective are clearer to owners. Without that or a statutory requirement to implement a program that accounts for the nature and effect of the defects there may be disputes between owners as to what is or is not required to be rectified and whether works are urgent or can be programmed with other maintenance or repair etc. It is recommended the defects rectification process be reviewed to clarify effective roles and responsibilities. If the policy is to require specific identification of matters that go to the body corporate's statutory obligations then there should also be specific provisions to address the consequences of that and not a create a vacuum in which owners have no guidance as to how the body corporate, committees and owners are to deal with those matters.

The Institute recommends the regulations define what constitutes a 'defect' to a standard or code, for example the Queensland Building and Construction Commission may be the relevant guide. The defect assessment report is also defined to refer to property for which the body corporate must take out reinstatement insurance. Yet the maintenance obligation of the body corporate is identified in section 159 [SM]. Tying the report to insurance could mean the report ends up addressing defects in lots – see for example the body corporate's obligation to insure buildings with common walls [current section 180 of the SM] which would mean the report would extend to, for example, townhouses predominantly in a lot but which has one common wall with another townhouse on an adjoining lot. Using insurance as a reference point means that certain infrastructure or improvements that a lot owner is obliged to maintain, become the responsibility of the body corporate to identify defects in and or action. This is contrary to the maintenance regime in section 159 [SM]

In any event it is likely that the relevance of identified defects should be clarified. Some defects are minor and perhaps do not warrant any action, these might be excluded from the report or the low importance of these stated in the report to give comfort or options for owners. Some defects may be rectifiable as part of general maintenance under the facilities maintenance plan (where minor) – see comments above as to the timing and programming of rectification.

The concept of a voluntary defect assessment report scheme for standard format lots is problematical. Unlike an insurance scheme (which is what this is based on) where there are potential benefits to owners in having collective insurance policies from a cost perspective, there are not parallel benefits in the context of defects. As noted, defects for which the body corporate is responsible are the subject of maintenance obligations under section 159 [SM]. The idea of a voluntary scheme would see the defects report extend to defects in owners' lots and regardless of payment contributions to the costs of the report it is then unclear what the body corporate would be responsible for doing in relation to that report and those defects. Would the body corporate be obliged to exercise its powers to bring proceedings – [section 211 SM as amended]. The body corporate can already provide an amenity or service to owners and could co-ordinate the provision of a report across lots without needing to have a voluntary scheme to do so.

It is recommended the regulations for the Defect assessment report should identify what are the rectification requirements or consequences for any defects that are identified, including as to programming of works and timing for undertaking of works.

It is recommended further consideration be given to making obtaining a Defect assessment report mandatory, as there is little point to making this a voluntary matter if it is considered important enough to warrant specific legislative provision beyond the body corporate's existing statutory maintenance obligations.

It is recommended the defects rectification process be reviewed to clarify effective roles and responsibilities consequent upon a report being obtained, and in particular to recognise the subrogation provisions in the Act and modules and the context of developers holding and exercising defect rectification rights under building contracts in terms of any rectification works program and competing entitlement to enforcement of rights .

It is recommended the Defect assessment report be tied to the body corporate's common property maintenance obligations regardless of the nature of the scheme.

Other Matters

Application of the Accommodation Module

The concept of an 'accommodation lot' is defined for the purpose of applying the Accommodation Module. An accommodation lot includes a lot that is part of ***hotel*** (as defined). Shortly after the introduction of the Act, consideration was given to creation of a Hotel Module (which is why the definition of 'lease-back scheme' was included in the Act from inception). It was intended that lease back arrangements where lots are submitted to management and use as part of a hotel or similar arrangement, would be a part of the Community title scheme landscape. After initial discussion within the Department of Natural Resources and Mines (as it was at the time) this did not proceed. Our committee members were directly involved in that process.

The Institute is of the view that the growing sophistication of mixed-use projects and operating structures justifies a separate module to allow sufficiently for the delegation of responsibilities and management essential to the operation of a hotel or similar short term uses. Development of a specific module would facilitate investment in this sector as the capital costs of dispersed greenfield hotel development are often prohibitive, whereas funding development through a community title scheme model with preserved management controls will assist in overcoming that barrier. Queensland could be a leader in this area and be a critical component of the economy and new investment in the real-estate sector. In addition, the viability of many projects is supported by hotel or short-term accommodation uses as part of the overall project mix. This will continue to be an essential part of many high density and mixed-use projects in the State, including in regional tourist centres as well as in the south east centres.

Further, many buildings fall within the concept of the Accommodation Module on the basis that lots are available for letting – but on a wide basis. The width of these concepts is such that an Accommodation Module scheme may involve a hotel, short term letting, permanent letting or owner occupier residency or combinations of all of those. A standalone hotel use would adopt the Accommodation Module or the Commercial Module but at present there are not sufficient concessions to the operator's management requirements and the need for it to hold delegated powers to manage and maintain common property to make this feasible. There are also a significant number of buildings in which short term letting and permanent occupancy are present, and disputes arise between the onsite management and the resident owners. This is a constant issue in the Community title scheme sector in Queensland and other states.

The adoption of a specific module for hotel and short-term occupation in a managed sense can provide a significant incentive for developers to accommodate these uses in a different way to that which currently occurs. It would be feasible to have operators exercising a degree of control over the assets that they cannot presently do in concert with the management of lots. This would see a boost in potential investment by major operators, better flexibility for design and governance in large projects and a reduction in conflict points where genuinely short-term uses are able to be accommodated in a separate scheme. There will still be buildings with a mix of letting but without the clash between intensive management and control and the rights of long-term owners or occupiers. Moreover, member feedback is that major international operators presently do not accept the limitations imposed by the legislation in terms of control of common property and the prohibition on any delegation of powers or functions as this is a significant difference to the way they operate in other jurisdictions in a strata context. It currently creates difficulties in structuring projects for major operators and inhibits the options for development and optimising feasibility of developments in this sector.

The Institute appreciates this point is beyond the present updates but the Institute recommends that it is a matter that should be on the agenda for further consideration in the short term given the opportunities it has for the Queensland economy and operation of mixed-use projects in the State.