81ST REPORT OF THE ENVIRONMENT, RESOURCES AND DEVELOPMENT COMMITTEE: STRATA TITLES

GOVERNMENT RESPONSE

Introduction

In April 2015 the Environment, Resources and Development Committee (ERD Committee) of the South Australian Parliament commenced a review into strata titles. The Terms of Reference for that review provided, specifically, that the Committee was to review "the effectiveness of the new provisions contained in the '*Community and Strata Titles Act 2012*'. This is a reference to the *Statutes Amendment (Community and Strata Titles) Act 2012,* which made a raft of changes to community and strata titles legislation, with effect from October 2013.

Reports on the operation of the Amending Act

Relevantly, the *Statutes Amendment (Community and Strata Titles) Act 2012* (Amending Act) inserted requirements into section 50B of the *Stata Titles Act 1988* and section 155B of the *Community Titles Act 1996* that the Minister must "cause a report to be prepared" on the operation of the amendments made to those Acts by the Amending Act "as soon as practicable after the second anniversary of the commencement" of any provision of the Amending Act. That second anniversary occurred on 18 July 2015, however since the ERD Committee's Inquiry involved reviewing and reporting on the effectiveness of the Amending Act, the former Attorney-General, the Hon. John Rau MP wrote to the then Presiding Member of the ERD Committee on 28 June 2015 to advise that he intended for the ERD Committee's Inquiry report to function also as the statutory review reports required under the aforementioned statutory review provisions.

On 15 March 2018 the ERD Committee published the Report of its Strata Titles inquiry (the Strata Titles Report). The ERD Committee's Strata Titles Report was tabled in the House of Assembly and Legislative Council on 3 May 2018, thus satisfying the statutory review requirements in section 50B of the *Stata Titles Act 1988* and section 155B of the *Community Titles Act 1996.*

In terms of functioning as the statutory review reports on the operation of the amendments made by the *Statutes Amendment (Community and Strata Titles) Act 2012,* the ERD Committee made the general comment that the amendments "addressed successfully many problems inherent in the Strata Titles arena" (at 2.1 on page 2)) but made a number of recommendations for changes as a result of reviewing the effectiveness of those amendments (set out in Chapter 2 of the Report). Some of those recommendations can be implemented administratively,

whilst others would require legislative change. The Government's response to the recommendations contained in the Stata Titles Report are set out below.

Government Response to Strata Titles Report recommendations

Each of the Strata Titles Report recommendations is addressed below in the order they appear in the Report, setting out, as required by section 19 of the *Parliamentary Committees Act 1991,* which recommendations will be carried out and in what manner and which will not be carried out and the reasons for not carrying them out.

Recommendation 1: ***the Committee recommends that the Attorney-General amends the Strata & Community Titles Acts to give jurisdiction to SACAT for disputes.***

Government response:

The Government accepts this recommendation in principle, subject to further consideration of the implications on this recommendation of the recent High Court decision in *Burns v Corbett.*

Currently the *Community Titles Act 1996* (CTA) and *Strata Titles Act 1988* (STA) give jurisdiction to the Magistrate Court to resolve disputes arising under those Acts. The Committee found that this deters owners from enforcing their rights and recommended a more accessible dispute resolution forum in the South Australian Civil and Administrative Tribunal (SACAT).

This may be more an issue of perception, given that community and strata title disputes are dealt with by the Magistrates Court as minor civil claims, that is, with minimal formality and cost and with legal representation generally not permitted. Nevertheless, it is agreed that the alternative dispute resolution focus of SACAT would lend itself to the resolution of strata title disputes.

However, an issue has arisen recently that requires further consideration before making a decision about transferring jurisdiction over strata title disputes to SACAT. The recent High Court decision in *Burns v Corbett* [2018] HCA 15, handed down in April 2018, may affect a significant number of community and strata title disputes. Information received from SACAT in the wake of *Burns v Corbett* was that approximately 700-800 residential tenancies disputes per year are likely to be affected because the landlord resides interstate, and hence SACAT is prevented from exercising jurisdiction over those disputes due to *Burns v Corbett.* A proportion of these rental properties are likely to be community or strata titled. The nature of these disputes carries similar risks to residential tenancies disputes in attracting the application of *Burns v Corbett,* so the same problem with accessing SACAT may arise for those property owners in community and strata titles disputes.

The Government will seek further information and advice on the implications of *Burns v Corbett* on the proposal to confer jurisdiction over strata disputes on SACAT before making a final decision on this recommendation.

Recommendation 2: ***the Committee recommends that the Attorney-General commence a program to address BCMs non-compliance with conflict of interest requirements.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented administratively.

The Report refers to complaints of body corporate managers (managers) not complying with requirements in the legislation to disclose commissions they receive for engaging contractors or insurers and other conflicts of interest.

The Commissioner for Consumer Affairs has power under the CTA and STA to prosecute breaches of those Acts and authorised officers are empowered to conduct investigations in relation to breaches of those Acts as prescribed 'related Acts' under the *Fair Trading Act 1987.*

Consumer and Business Services (CBS) will conduct an education and compliance campaign to implement this recommendation. This will include educating property owners about directing complaints about breaches by managers to CBS for investigation and potential prosecution and a program to audit managers' compliance with their conflict disclosure obligations.

Recommendation 3: ***the Committee recommends that the Attorney-General makes it compulsory for BCMs to declare all fees, bonuses and commissions.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The issue of managers earning commissions or having a pecuniary interest in connection with arranging maintenance work, insurance policies and the like on behalf of community and strata corporations that they manage was sought to be addressed in the 2013 legislative changes. In particular the following provision was inserted in the CTA (s78D(1)) and STA: s27D(1):

> (1) A delegate of a strata corporation who has a direct or indirect pecuniary interest in a matter in relation to which he or she proposes to perform delegated functions or powers must disclose the nature of the interest, in writing, to the corporation before performing the functions or powers.
>
> Penalty: Division 4 fine.
>
> Example—

> For example, if the delegate would receive a commission from a person for placing business of the strata corporation with that person, it would be an offence to fail to disclose that fact before placing business with the person. Similarly, if the delegate were to profit by placing business of the strata corporation with a related body corporate, it would be an offence to fail to disclose that fact before placing business with the related body corporate.

The practice the Report discusses, however, is that of adding a fee or commission to the invoice charged to the corporation as a fee for arranging the service, whether it be an insurance policy or maintenance task. That is, the additional fee is sought and received directly from the corporation rather than the insurer or maintenance company.

Arguably the requirement to disclose this way of charging is already covered by the requirements in the CTA and STA for the body corporate management contract to set out the basis on which the manager's remuneration is to be calculated: CTA s78B(3)(e)/ STA s27B(3)(e). However, there is an ability also to require the body corporate management contract (which must be made available to inspect by owners 5 clear days prior to the meeting at which the corporation will decide on appointing the manager) to contain other particulars prescribed in the regulations. It is proposed that the regulations under the CTA and STA be varied to prescribe the requirement to disclose that additional fees will be charged in this manner and the percentage commission rates charged. It is also proposed that the existing disclosure requirements be extended to specify disclosure of existing relationships that a manager has with businesses it proposes to engage (eg a maintenance company, etc). Further, it is proposed that the legislation be amended to require that the manager must clearly disclose the amount of any fee or commission being charged to the corporation for arranging a contract with another service provider on the corporation's behalf prior to entering into that transaction

Recommendation 4: ***the Committee recommends that the Attorney General ensures that document supply fees be regulated to ensure access for all regardless of means.***

Government response:

The Government accepts this recommendation in principle, noting that it is considered that managers providing copies of documents do so as agent of the corporation and therefore the maximum fees already prescribed in the regulations should apply. This recommendation will be implemented by legislation.

STA s41 and CTA s139 impose requirements on the strata or community corporation to provide certain information to a unit owner or prospective owner within a specified time. These documents are often required for completing vendor's statements upon

sale of a property. The fees for provision of this information are regulated with maximum fees prescribed in the regulations under the Acts.

The Report deals with alleged overcharging by managers for provision of this information, which they hold on behalf of the corporation. A manager providing copies of documents pursuant to these provisions is doing so as agent of the corporation and therefore the maximum fees prescribed in the regulations should apply. There is also, however, a regulated maximum fee for the manager to provide copies of corporation records upon request by an owner. There may be confusion therefore about which fee is to apply. It is recommended that the legislation be amended to make it clearer which fee limits apply to a manager providing information and copy documents on behalf of the corporation to an owner or prospective owner.

Recommendation 5: ***the Committee recommends that the Attorney General ensures that (allowing for an exemption of BCMs below a certain threshold) BCMs should make all corporation records available online for all officers to access.***

Government response:

The Government does not accept this recommendation.

If managers made all corporation records available online this would greatly assist in expedient and inexpensive access to records which, after all, belong to the corporation. However, this option assumes that adequate mechanisms are available to protect the privacy of one corporation's records as against those of the many other corporations the manager likely manages. This recommendation could entail potentially significant costs to managers and ultimately their client corporations to implement adequate systems to ensure privacy. If fees for access are regulated, market forces should work to encourage managers to develop low-cost avenues for providing access to corporation records, such as providing for secure access online.

Recommendation 6: ***the Committee recommends that the Attorney General ensures that plans of the strata and community title are included in sale documentation.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The *Land and Business (Sale and Conveyancing) Act 1994* requires disclosure of certain information to buyers of community or strata titled properties. This does not refer to the strata plan, though it includes the scheme description and development contract for community schemes.

STA s 41 already requires the plan to be made available for inspection as part of the information to be provided upon application to an owner or prospective purchaser: reg 11(1). There is no equivalent requirement under the CTA, which appears to be an oversight and it is proposed to address this.

Information from the Lands Titles Office indicates that the plans are now readily available electronically as part of a title search, but this is an extra option that needs to selected when ordering a search. The Report found that many disputes between owners might be avoided if they were clear about the boundaries of their properties and the common property, therefore it is agreed that there would be benefit in requiring the plan to be supplied to owners or prospective purchasers under CTA s139 and STA s41 as part of strata and community property searches.

Giving full effect to this recommendation will, however, also require change to the *Land and Business (Sale and Conveyancing) Act 1994* to require this plan to be included in the vendor's statement to ensure it is provided to all prospective purchasers. Given the mass use of the vendor's statement in all property sales, incremental changes to the vendor's statement requirements are avoided to save confusion and multiple costly changes to land agents' forms and systems. This additional change could be included on the next occasion that the Form 1 and 2 are reviewed and updated.

Recommendation 7: ***the Committee recommends that the Attorney General ensures that financial ledgers be made available to the Treasurer of the strata corporation via the BCMs website.***

Government response:

The Government does not accept this recommendation.

The 2013 changes to community and strata titles legislation introduced requirements for managers to make corporation records available for any owner to inspect within 10 business days of a request and a copy on payment of a capped fee, as well as to provide an owner, on application, with a quarterly statement setting out details of dealings by the manager with the corporation's money (and to continue to do so until the applicant ceases to be a unit holder or revokes the application): STA s27D(5)/ CTA s78D(5). These provisions are silent as to the manner of supply. For the reasons outlined in relation to recommendation 5, a legislative requirement to provide these details online is considered inappropriate. Rather, market forces should work to encourage managers to develop low-cost avenues for providing access to corporation records where the legislation requires this, such as providing for secure online access.

Recommendation 8: ***the Committee recommends that the Attorney General amend the legislation to allow for inquorate meeting subject to ratification at a reconvened meeting.***

Government response:

The Government does not accept this recommendation.

The Report discussed the difficulty in achieving a quorum at a meetings of the community or strata corporation and resulting wasted time of owners who do attend and from frequently needing to reconvene general meetings.

The STA and CTA provide that if a quorum is not formed within half an hour of the time appointed for a general meeting of the corporation-

(a) the unit holders present must appoint another day for the meeting, being a day at least seven days but not more than 14 days away; and

(b) the meeting then stands adjourned to that day; and

(c) if the quorum is not formed at the adjourned meeting within half an hour of the relevant time, the persons who are present and entitled to vote constitute a quorum: STA s33(6)/ CTA s83(5).

The Report recommends changes to provide that the inquorate meeting makes interim decisions that can be ratified at the reconvened meeting. This would not seem to avoid the costs and time entailed in holding a second meeting.

The Government is cautious about allowing decisions to be made outside of properly convened meetings of the corporation. The 2013 legislative changes that allowed for owners to participate and vote remotely at community and strata corporation meetings where the corporation makes this option available should be allowed to operate longer before considering changes to make it easier to make decisions without meetings.

Recommendation 9: ***the Committee recommends that the Attorney General make the quorum requirements for the STA and CTA the same.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

Under the STA a quorum is at least half of the unit owners, including by validly appointed proxy or remote communication if this is allowed by the corporation: s33(5). Under the CTA a quorum is determined by dividing the total number of members entitled to vote by two and adding one. Therefore, for a group with 8 units,

a quorum is 4 owners under the STA and 5 owners under the CTA. For consistency, it is proposed that the CTA be amended to adopt the easier-to-achieve formula.

Recommendation 10: ***the Committee recommends that the Attorney General require corporations to include the sinking fund plan in their (STA s41 / CTA s 139) disclosures to prospective purchasers.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The Report argues that prospective purchasers of community or strata titled properties would be better informed if they were provided with a copy of the now mandatory sinking fund plan detailing planned future capital expenditure for the community or strata group. The Report states that anecdotal evidence suggests that some buyers only learn of large planned expenditure, to which they will be liable to contribute, after settlement. The recommendation is that this plan be included in the documents required to be disclosed to a prospective purchaser under STA s41/ CTA s139.

It is agreed that this recommendation should be implemented. However, it may not have the full desired effect without additional amendments under the *Land and Business (Sale and Conveyancing) Act* to require this plan to be included in the vendor's statement. This additional change could be included on the next occasion that the Form 1 and 2 are reviewed and updated.

Recommendation 11: ***the Committee recommends that the Attorney General require Body Corporate Managers provide documents (subject of fees) on a cost only basis.***

Government response:

The Government accepts this recommendation in part. This recommendation will be implemented by legislation.

The Report discusses opposing views amongst managers as to whether the current caps on fees that may be charged by managers for providing documents to owners or prospective purchasers are adequate or inadequate. These fee caps were recently reviewed and are proposed to be increased as part of the remaking of the *Strata Titles Regulations,* however equivalent increases should be made in the *Community Titles Regulations* and there may be merit in consulting on a possible higher fee cap for responding to urgent requests for documents. Also, as set out in relation to Report recommendation 4, it should also be made clear what fees are chargeable by the corporation for provision of the documents and what fees by the

body corporate manager. However, it would not seem workable, and is considered overly prescriptive, to limit managers to providing documents at cost only.

Recommendation 12: ***the Committee recommends that the Attorney General engage with the Insurance Council seeking changes to policies for the recognition of individual lots.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented administratively.

Buildings within non-strata community title lots are not joined and not common property, that is, the owner owns the land underneath and all that is built on the lot. The Report discusses submissions complaining that some insurance companies do not identify individual lots and their value on their policies with respect to community titled groups. These policies have been designed for strata titled groups where the body corporate owns the buildings and land. The Report states that the big risk for the body corporate and lot owners is that a claim that relates to one lot may not have sufficient cover, leaving all owners jointly and severally liable.

It is not clear whether this problem arises from changes made by the 2013 legislation that allowed the community corporation to act as agent for the owners of community lots in arranging policies of insurance. That change arose from concerns of owners of properties in very close proximity, but nevertheless separately owned, to ensure their neighbours were insured. Those changes only put in place provisions under which community corporations could agree in by laws to be responsible for arranging insurance (over the separate lots) on behalf of owers and levy the cost from owners.

It seems more likely this practice arises from insurance companies not properly differentiating community titled schemes from the longer-standing, more familiar, strata title schemes (or possibly from corporations or owners not adequately describing to insurers the nature of their property). Either way, inquiries will be made with insurers and/or the Insurance Council to confirm that any erroneous practices are corrected.

Recommendation 13: ***the Committee recommends that the Attorney General changes the level of public liability insurance to $20m.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The Report discusses the adequacy of community and strata mandatory public liability insurance and suggestions that the current $10 million minimum requirement (STA s31(2), reg 9/ CTA s104(2)) is inadequate. The Committee reported that this seems in line with contemporary insurance levels as many insurance providers have a set $20 million maximum legal liability cover for all policies with no choice of level. The Report states that for insurers that do offer choice of level, changing from $10 million to $20 million cost less than $30. The existing $10 million requirement has not been changed since at least 1996 when the CTA was enacted and it is agreed that the minimum level should be increased to $20 million.

Recommendation 14: ***the Committee recommends that the Attorney General engage with the Insurance Council seeking changes to policies to prevent insurance of one risk by two parties.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented administratively.

The Report discusses a submission from the Property Council to the effect that there may be a double up of insurance as the strata corporation is required to insure all buildings under the STA, and each strata owner is also required to take out their own insurance over part of a building. However, under the STA only the corporation is required to insure all buildings as in a strata scheme these are common property. There is no requirement in the STA for unit owners to insure buildings, rather there is a provision that makes it clear that nothing in the STA *prevents* them from also insuring a building and in particular, to insure for an amount corresponding to the amount secured by mortgage over the property, aimed at mortgagors' concerns to protect their interest in strata titled units. It is not apparent that there is a problem that requires action, however since the Report has raised the issue it will be included in the discussions with insurers and/or the Insurance Council pursuant to recommendation 12.

Recommendation 15: ***the Committee recommends that the Attorney General amend the STA to include that a Strata Corporation must establish an administrative and a Sinking Fund.***

Government response:

The Government does not accept this recommendation.

The Report discusses a submission that claimed that it is an anomaly that the 2013 legislative changes introduced the requirement for a 'sinking fund statement' in the STA without a requirement to establish a sinking fund.

Introducing a new requirement for community and strata corporations to establish a sinking fund on the basis would be an overly prescriptive impost on tens of thousands of strata corporations with potentially significant impact on many owners. Also, the requirement to establish a sinking fund does not necessarily work to ensure that adequate contributions are levied.

Instead, the existing requirement to prepare a long-term forward plan, or statement, for capital expenditure and regularly review is considered sufficient and should *encourage* the establishment of sinking funds and forewarn owners and prospective owners of likely future financial obligations.

Recommendation 16: ***the Committee recommends that the Attorney General advise BCMs that Asbestos Registers are not required.***

Government response:

The Government accepts this recommendation in part. This recommendation will be implemented administratively.

The Report discusses a submission claiming that some managers are advising clients that asbestos inspections and registers are necessary in circumstances where they are not required by legislation. It is not clear whether this is a case of overservicing (using a maintenance company that is a related company to the body corporate manager) or confusion as to the applicable regulations.

Regulations 7 and 421 of the *Work Health and Safety Regulations 2012* would appear to exempt community and strata corporations, and residential premises, from aspects of the workplace and safety legislation and the requirement for asbestos registers. However, how and whether that legislation applies to a particular community or strata group may turn on the individual circumstances of different community and strata groups, for example, if they include a mix of residential and commercial premises and whether the community or strata corporation employs any person for example as a maintenance person. Nevertheless, it is agreed that there is merit in a general warning to body corporate managers, as part of the compliance campaign proposed in response to recommendation 2, about ensuring they properly understand and advise their clients where the requirements of asbestos inspections and registers apply and where not.

Recommendation 17: ***the Committee recommends that the Attorney General oblige all Councils to sight a certified copy of the body corporate's approval for the proposed works.***

Government response:

The Government does not accept this recommendation.

The Committee reports receiving submissions that cited examples of council approved development occurring on units without the community or strata corporation's knowledge or consent (as required under the CTA or STA). The Committee proposes adding to the development checklist for strata and community titled property the sighting of the corporation's approval.

This is not a matter for the community and strata titles legislation. Further information and discussions are needed with planning authorities to determine the existence and extent of this problem and whether any further regulation, such as that proposed, is needed.

Recommendation 18: ***the Committee recommends that the Attorney General prepare a guideline for the use of courts and administrators.***

Government response:

The Government does not accept this recommendation.

The Report discussed a case of a court appointed administrator of a community or strata corporation who had not consulted with the owners, refused to provide records to owners and failed to provide a court-mandated 3 monthly progress report. According to the Report, the submission referring to this case suggested the administrator lacked knowledge of the legislation and did not treat owners impartially.

Under STA s37/ CTA s100 a court has the power to appoint an administrator to administer a strata or community corporation on application of the corporation, a creditor of the corporation or an owner. There are no restrictions in the legislation as to who may be appointed administrator.

The Report refers to one example of a deficient administrator. Since the legislation provides that the administrator must comply with any directions of the court and can be removed or replaced, the Report does not persuade of the need for legislative change. Accordingly, it is not proposed that this recommendation be implemented unless an ongoing problem is identified.

Recommendation 19: ***the Committee recommends that the Attorney General amend Acts from make 'available' and 'availability' in the STA and CTA and the associated regulations to 'supply to all owners'.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The Report discusses the requirement introduced by the 2013 legislative changes for a manager to make "available for inspection" at least five days before a meeting at

which it is proposed to appoint the manager, a copy of the proposed management contract as well as a pamphlet explaining the owners' rights under the contract, including to inspect corporation documents held by the manager, to apply to the Magistrates Court to resolve disputes and the rights to terminate the contract: STA s27B(8)/ CTA s78B(8).

Concerns have been raised that, given the importance of this information, it should be given or supplied to owners and not just 'made available'. It is agreed that this change should be made to ensure the provisions have their intended effect. The legislation should be amended to require this pamphlet to be attached to the meeting agenda to ensure it reaches owners.

Recommendation 20: ***the Committee recommends that the Attorney General amend the ST and CT Acts to remove inconsistencies.***

Government response:

The Government accepts this recommendation. This recommendation will be implemented by legislation.

The Report discusses inconsistencies between equivalent provisions in the STA, governing strata titled schemes and the CTA, governing community title schemes.

The STA governs the operation and management of strata groups that were established under that Act. The CTA was enacted in 1996 and provides for more flexible forms of land division and shared title, including to cater for progressive developments where land is divided in stages and for mixed commercial and residential uses. No new strata titled developments can be established under the *Strata Titles Act* following the commencement of the CTA. However, the STA was retained to allow continuity of governance provisions for strata title unit owners, with provision made for owners to be able to easily convert existing strata schemes to community titled schemes.

The 2013 legislative changes included several changes to address inconsistencies between equivalent provisions in the two Acts. However, further inconsistencies remain.

It is not always readily apparent why a different approach was taken in the later CTA. In some cases the different and more varied nature of community titled schemes will warrant different treatment, however it is agreed that where there is no apparent justification for difference and where that difference is conducive of confusion, the legislation should be amended for consistency.

One proposal for amendment to address inconsistency is contained at recommendation 9. The Report discusses the further example in respect of this recommendation of how the Acts deal with "owners in arrears". Both Acts provide

that an owner has no vote if in arrears, but only the STA makes exception for votes requiring a unanimous resolution. It is agreed that it would be preferable for these provisions to be consistent across the Acts, particularly as managers tend to represent both community and strata corporations.

Recommendation 21: ***the Committee recommends that the Attorney General examine the benefits in having Company and Moity Titles provisions in the CTA.***

Government response:

The Government accepts this recommendation in part. This recommendation will be implemented administratively at first instance.

The Report discussed a submission complaining of problems with the old company and moiety titles. Company titles were used before 1967 for groups of units and flats and, although they are no longer common in South Australia, some still exist. There are two main types, company titles and moiety titles:

- Company titles
  A company is registered on the certificate of title as the sole owner of the land a group of units sits on. Owners are issued with a share certificate in the company. Each unit owner has the exclusive right to occupy their unit and have the right to use common areas. When a unit is sold the share certificate is transferred to the buyer.

- Moiety titles
  In a moiety title, sometimes referred to as a cross lease, the ownership of a unit comes from being the registered owner of a share of the land the group of units sits on. The owner is leasing the right to occupy their unit, along with the right to use common areas, from the other unit owners.

The submission discussed in the Report argues that there are considerable uncertainties surrounding these titles, with land agents and purchasers unaware of the implications of the different title type and lenders cautious about lending in relation to such properties.

Most company and moiety titles can be converted into either a community title or a torrens title. This can make the administration simpler and may increase the value of the property. However, the submission referred to in the Report claimed the conversion process is cumbersome and expensive. The Report therefore recommends that consideration be given to a legislative process to simplify conversion. However, on examination, the process involved in conversion would not appear to lend itself to legislative simplification as it includes, for example, the consent of lenders, drawing up of new community plans of division and satisfaction of firewall requirements. Nevertheless, further information will be sought from Land

Services and potentially others involved in company title transactions to ascertain the extent to which any legislative change could assist with conversion.