



PO Box 243
Henley Beach SA 5022

Tuesday, 16 December 2008

The Hon Joe Tripodi
Minister for Finance, Infrastructure, Regulatory Reform, Ports and Waterways
The Better Regulation Office
GPO Box 5341

SYDNEY NSW 2001

**RE: LICENSING OF SELECTED OCCUPATIONS
- STRATA MANAGEMENT**

Dear Minister

Members of the Community Titles Institute of South Australia (CTISA), an Affiliate member of the National Community Titles Institute (NCTI) of which the Institute of Strata Title Management NSW is also a member, support the submission made by the Institute of Strata Title Management NSW (ISTM) in regard to retaining the existing licensing and registration of Strata Managers operating in NSW. Rather than reiterate the same content, I have attached both submissions for your information however I have provided some further comments below, for your consideration.

Whilst legislation varies somewhat across Australia, the fundamental requirements in regard to management and consumer protection are not different Australia wide.

The growth in the Strata and Community Title Sector has brought to the forefront management issues which require urgent attention, in particular,

- sound understanding of legislation and regulation associated with strata and community title
- the development of complex schemes which in turn require complex management structures,
- the management of funds (estimated to be in the billions of dollars Australia wide) held in relatively unregulated accounts,
- budget preparation (if incorrect budgets are produced then fundamental building repairs cannot take place, creating possible future ghettos),

- meeting procedures and protocols; ineptness in meeting processes cause incorrect resolutions to be made which in turn affect building maintenance and repairs and the quality of life within strata communities.

In South Australia there is no licensing regime, a gardener with no formal qualifications or accounting and secretarial expertise, or even general knowledge of the *Strata and Community Title Acts* can purchase a strata portfolio of 500 properties, with estimated funds held of approximately \$6,000,000.00 and commence operations as a strata and community management company!

Whilst one may think that this is a great opportunity for a small business entrepreneur, the current skills shortage, lack of regulation and economic crisis facing all Australians, is fertile ground for mismanagement, which has the potential to affect hundreds of thousands of South Australians and millions in NSW. Strata Management is not property management or real estate sales, it requires considerable expertise in accounting, banking, secretarial and administration to ensure that client building assets continue to grow and are protected.

Unfortunately, (and this is common across all industry's) where there is no regulatory requirement, there is also no incentive to obtain full and appropriate qualifications, hence the end consumer can become the subject of mismanagement with dire consequences when "things" go wrong - and they do.

Whilst the strata and community title sector has been relatively ignored over the years due to a general lack of understanding by some governments and consumers alike, it can no longer be left to fend for itself or treated as an offshoot of real estate; the stakes are too high given the funds held and the value of the properties managed.

The Federal and State Governments are supported through taxpayer funded dollars, to manage their respective States and the Nation in a fair and equitable manner and always in the best interest of all the Australian people. There are millions of taxpayers living in strata and community title with billions of dollars in their trust accounts, this will continue to grow as Governments push for high density living. Without a qualification based license as has been agreed to in principal by the NSW Office of Fair Trading, accountability and control of the professional services required in this high growth 21st Century industry will deteriorate.

ISTM and CTISA in conjunction with the National Community Titles Institute (NCTI) have worked tirelessly for 8 years to develop a National Training Package [Property Operations Development Sector (POD's)] and developed national resources with each State and Territories relevant legislation included, to address the skills and professional management shortage in the industry. However, unless there is a regulatory regime in place, in reality very few will choose to avail themselves of the education program.

In South Australia, the Attorney General released a discussion paper on the 30th of November seeking submissions by February 2009, in regard to strata and community title reforms, in which the regulation of managers will be addressed with the view to supporting a National Trade Licensing regime.

Through the work carried out by the National Community Titles Institute and its affiliate members, in NSW, SA, WA, VIC, ACT, NT & QLD the industry is well placed to avail itself of the Council of Australian Government's initiative for nationalised education, address the skills shortage and move towards National Trade Licensing for the strata management industry as a whole.

CTISA requests that the NSW Government retains licensing of strata managers in NSW.

CTISA thanks you for the opportunity to make this submission and would be pleased to discuss any aspect of this submission if required. Please do not hesitate to contact the Institute or myself should you require any further information.

Yours Sincerely,

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

Anna Edwards
CTISA Education Manager
08 8373 7111