

## Management Rights

SCA (Qld) has considered in-depth our position on Management Rights.

We favour holistic reform including:

1. The total term of new service contracts, including for management rights, should be limited to;
  - a. 3 years, in line with the term limit for the engagement of a body corporate manager;  
alternatively
  - b. 10 years, in line with the approach in other jurisdictions, such as NSW.
  
2. Original owners / developers should not be permitted to put in place long-term contractual arrangements (3 + years) that would bind the future body corporate. It should be left for a body corporate to decide for itself the contractual arrangements for the maintenance of its common property that are in the best interests of the owners of lots in its scheme. Other consumer protections are also needed including:
  - a. section 3 of the *Body Corporate and Community Management (Accommodation Module) Regulation 2020* (Qld) (the “Accommodation Module”) should be amended to better define what is meant by lots in the scheme being, or intended to be, “*predominantly accommodation lots*”, by clarifying that “predominantly” means 75%;
  - b. the definition of “accommodation lot” in section 3(3) of the Accommodation Module should be amended so it no longer extends to the lease or letting of a lot for accommodation for long term residential purposes;
  - c. in the absence of a removal of the powers of an original owner to bind a body corporate to a long term contract; a body corporate’s right to undertake a statutory review (“review provisions”) of a service contract entered into during the original owner control period should be improved, by including provisions:
    - i. allowing a committee of a body corporate to make the decision to request a review;
    - ii. extending the review to include provisions concerning whether the total term of the service contract is appropriate for the scheme, having regard to whether the intention that the scheme would consist of “*predominantly accommodation lots*” has come to pass;
    - iii. allowing the review to extend to all terms of the contract, not just the functions, powers and remuneration of the service contractor;

- iv. making the body corporate's final decision binding on all contracted parties unless overturned under the dispute resolution process;
  - v. to extend the review period from three years to five years from when the contract was entered into; and
  - vi. allowing the right of a body corporate to request a review of a service contract to survive a transfer of the service contract, even if the transfer occurs outside the original owner control period.
3. The type of resolution needed to enter into a service contract for a term of more than three years, or to add a right or option to extend or renew a service contract for more than three years, should be by a special resolution.

It is the view of SCA (Qld) that shortening the total permissible term for management rights contracts is the most crucial area for any reform. The role of a caretaking service contractor, and indeed any service contractor, is important for helping a body corporate discharge its duty to maintain common property in good condition. But SCA (Qld) does not see the need for that role to be secured by an engagement that is decades-long and on terms imposed upon that strata community by a person who will profit from the arrangement. It is counterintuitive to one of the stated objects of the BCCMA: providing bodies corporate with the flexibility they need to accommodate changing circumstances within community titles schemes.