QON No. 002

Legislative Assembly for the **Australian Capital Territory**

Select Committee on Estimates 2026–2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question on notice

Asked by: Mr Thomas Emerson MLA

Addressed to: ACT Shelter

Reference: Strata

Hearing: 3 July 2026
In relation to: Strata Commissioner Funding and Stamp Duty
Question received: 3/07/2026
Answer Due: 22/07/2026

(1) The Budget contains new stamp duty concessions that incentivise additional unit-titled housing, but no funding for a Strata Commissioner. Do you have concerns about this given the correlation between strata issues and bankruptcies in the ACT, which presumably have a larger impact on people on lower incomes?

Ms Corinne Dobson, CEO of ACT Shelter: The answer to the Member's question is as follows:

ACT Shelter does have concerns that the ACT Government is actively incentivising greater use of strata title – through measures such as the new stamp duty concession for unit-titled housing – without making corresponding investments in the regulatory, governance and consumer protection framework required to support this shift.[1]

As the Government encourages more Canberrans to live in apartment buildings and other unit-titled dwellings, effective strata governance should be recognised as an integral component of housing policy, taxation and planning, and not simply a matter of property law. This is particularly important for lower-income and lower-wealth households, who have less capacity to absorb significant and unexpected costs arising from poor strata governance, inadequate consumer protections or unforeseen maintenance obligations.

More broadly, ACT Shelter is concerned that insufficient consideration of the implications of strata title within housing, tax and planning frameworks risks undermining housing affordability and exacerbating housing inequality.

[1] ACT Shelter (2026), *Preliminary analysis of the ACT Budget 2026–27*, July 2026, pp. 17–18 (Reducing stamp duty).

The financial and legal implications of strata title

Strata title enables multiple owners to collectively own, fund and manage shared infrastructure that could not otherwise be privately co-owned. However, the legal mechanism that makes this possible is, in property law terms, unusual and double-edged: it attaches a permanent, compulsory obligation to contribute financially to the title itself, with those obligations running with the land in perpetuity.

While strata developments can reduce the upfront purchase price of individual dwellings, the affordability implications of strata living extends well beyond the initial purchase. Owners remain responsible for ongoing strata levies, sinking fund contributions and, in some cases, substantial special levies for major maintenance, building defects or unforeseen works. These obligations are mandatory and cannot simply be deferred during periods of financial hardship. Owners may also become bound by significant financial commitments they neither negotiated nor control, including long-term embedded network contracts entered into by developers before the owners corporation existed or body corporate management agreements that may not represent value for money.

Strata title also introduces a level of legal and governance complexity that does not arise with conventional Crown leasehold ownership. Purchasers become subject to detailed legislation, strata by-laws, body corporate contracts and embedded network arrangements, often established by developers before owners have any meaningful opportunity to influence them. Owners must collectively govern shared assets, comply with complex legal obligations, and navigate often unclear divisions of responsibility for maintenance, repairs and defects. Disputes can be difficult, costly and time-consuming to resolve, particularly for individual owners with limited legal, financial or technical expertise.

These governance arrangements also affect renters. Tenants living in strata-titled dwellings are bound by strata by-laws and affected by owners corporation decisions, yet generally have no meaningful role in strata governance. This can leave renters caught between landlords, strata managers and owners corporations when issues arise, with limited avenues for input or resolution.

Implications for lower-income and lower-wealth households

The financial risks associated with strata title are particularly significant for households with limited savings, lower incomes or fixed incomes. A substantial special levy, unexpected increase in levies or costs associated with building defects can create significant financial stress. Because strata obligations are compulsory debts attached to ownership, households experiencing financial hardship cannot simply choose to defer these costs, leading to financial hardship, potential bankruptcy, and ultimately undermining long-term housing affordability.

Financial Counselling Australia has identified a concerning increase in strata-related financial distress in the ACT. Between 2021 and 2025, strata-related bankruptcy filings increased sharply. In 2023–24, one in five ACT bankruptcies was initiated by a strata company against a unit owner, while 45% of strata bankruptcy proceedings between 2020 and 2025 resulted in sequestration.[2] This appears to reflect, at least in part, shortcomings in the ACT's regulatory framework rather than simply an inability to pay. The ACT permits owners corporations to charge interest of up to 20% per annum on

[2] Financial Counselling Australia (2025), Strata Levies Payment Difficulty Reform: Analysis of strata debt related Federal Court forced bankruptcy filings, 24 June 2025; and updated ACT-specific analysis cited in ACT Legislative Assembly, Report 8 (2026), paras 8.52, 8.63 and accompanying AFSA sequestration data.

overdue levies (double the 10% cap in New South Wales) while the *Unit Titles (Management) Act 2011* contains no statutory hardship provisions, such as mandatory payment plans, notice periods or waiver mechanisms. As a result, relatively modest arrears can rapidly escalate through interest and legal costs into debts capable of triggering bankruptcy.

The need to consider strata implications in taxation and planning policy

As the ACT increases housing density, planning and taxation policies must properly account for the long-term implications of different forms of housing tenure and title. Despite its inherent legal complexity, strata title is an essential and appropriate mechanism for many high-density developments, and for some forms of medium-density housing. However, it is not necessary for all medium-density development. Where housing can be delivered through ordinary subdivision rather than strata title, defaulting to strata imposes avoidable legal complexity, governance requirements and ongoing financial obligations on future owners.

At ACT Shelter's Missing Middle Housing Forum earlier this year, Professor Cathy Sherry cautioned against the unnecessary use of strata title for developments such as some terraces and dual occupancies where there is limited shared property.[3] Where ordinary subdivision can deliver the same housing outcome, defaulting to strata can impose avoidable legal complexity, governance obligations and ongoing financial costs on future owners.

These risks are not evenly distributed. The ACT Legislative Assembly's Inquiry into the Management of Strata Properties highlighted that smaller strata schemes are particularly exposed to financial and legal risks. More than half of ACT strata schemes have fewer than five units, meaning that a single owner experiencing financial hardship or failing to meet levy obligations can place a disproportionate burden on other owners.

Against this context, ACT Shelter is concerned about the design of the stamp duty concessions introduced in the 2026-27 ACT Budget. The expanded concessions specifically favour unit-titled housing, including through extending concessions to all new unit-titled properties purchased by owner-occupiers.

The concern is that this concession rewards the legal structure of a transaction – unit title – rather than the built form, density outcome or affordability objective the Government is seeking to achieve. It creates a financial incentive to choose unit title, even where ordinary subdivision may deliver comparable medium-density housing without the additional complexity and ongoing levy obligations associated with strata.

ACT Shelter considers that housing-related taxation measures should support the housing outcomes Government is seeking, rather than incentivising particular legal structures where those structures are not necessary. The concession should therefore be redesigned to be neutral between strata and non-strata forms of title for appropriate missing-middle housing.

[3] ACT Shelter (2026), *Summary report: Online forum on missing middle housing – the equity and affordability implications of reforms*.

Conclusion

In summary, while strata is an essential and appropriate form of ownership for many higher-density developments, ACT Shelter are concerned the Government is incentivising greater reliance on strata titled developments where it may be unnecessary, and without ensuring that the regulatory, consumer protection and policy frameworks keep pace.

As the ACT Government continues to encourage greater uptake of higher-density and unit-titled housing, effective strata governance must be recognised as an essential component of housing affordability, security and quality. There also needs to be stronger consideration of the interactions between planning, taxation and property law policy, including the long-term implications for housing affordability, particularly among households least able to absorb the legal and financial risks. The ACT Government has committed to establishing a dedicated Strata Commissioner, and we believe this would provide an important mechanism for improving dispute resolution, strengthening consumer protections and ensuring that the implications of strata title are properly considered in future housing, taxation and planning reforms. As more Canberrans are encouraged to live in unit-titled housing, effective strata governance should be prioritised and implemented without delay.

Corinne Dobson

ACT Shelter

Approved for circulation to the Select Committee on Estimates 2026–2027

Signature: Date:

By the [Commissioner for/Officer……], [name of Commissioner/Official]