



Victorian
Competition & Efficiency
Commission

15 May 2014

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Dear Ms Ng

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed Owners Corporations Amendment Regulations 2014.

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 10(3) of the *Subordinate Legislation Act 1994* (the Act). I advise the final version of the RIS received by the VCEC on 15 May 2014 meets the requirements of section 10 of the Act.

The VCEC's advice is based on the adequacy of the evidence presented in the RIS and is focused on the quality of the analysis rather than the merits of the proposal itself. **Therefore, the VCEC's advice the RIS is adequate does not represent an endorsement of the proposal.**

In making its assessment, VCEC notes that the RIS is transparent regarding the following:

- the specific nature and limited extent of the problem addressed by the *Sale of Land Amendment Act 2014* and the proposed regulations – namely a concern that some owners corporations are setting excessive charges for owners corporation certificates, including for (i) 'urgent' certificates, (ii) multiple certificates with duplicated information, and (iii) updating recently issued certificates;
- in the absence of the proposed regulations the *Sale of Land Amendment Act 2014* will prohibit owners corporations from charging any fee for a certificate other than that currently prescribed in the *Owners Corporations Regulations 2007*;
- the limited available data and assumptions used by Consumer Affairs Victoria to estimate the extent excessive charges for certificates and the process used to estimate the cost to owners corporations of producing certificates in order to set a regulated price for these services, and;
- the qualitative assessment of the likely impacts of this policy and the potential for unintended consequences of this regulatory framework, which may include some owners corporation managers choosing not to provide 'urgent' certificates.

In the interests of transparency, it is government policy that VCEC's advice be published with the RIS when it is released for consultation.

If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely

Andrew Walker

**Assistant Director
Victorian Competition and Efficiency Commission**