

When Can Unit Entitlements Be Changed?

An application to change the allocation of unit entitlements under section 236 of the Strata Schemes Management 2015 (NSW) (the “SSMA”) is possible, however, recent authority confirms that this process is not straight forward.

Section 236 of the SSMA gives the Tribunal a discretion, not an obligation, to reallocate unit entitlements.

The Applicant bears the onus of proving that:

1. The existing allocation is unreasonable; and
2. That the allocation of unit entitlements should be changed.

The Tribunal must consider lot values, but it may also weigh broader factors such as voting control and the risk of deadlock. As provided in the matter of *Sahade v The Owners – Strata Plan 62022* [2014] NSW CA 208, even where valuations support change, the Tribunal may refuse relief if it would fundamentally alter control or create governance issues.

The Recent Appeal Panel decision in *Sydney Gold Bullion Exchange Pty Ltd v The Owners – Strata Plan 34794* [2026] NSWCATAP 75, reinforces the evidentially burden. Importantly:

- Applicants must provide valuation evidence for ALL lots, not just those affected; and
- An owners corporation cannot be compelled to bring such an application.

This reflects the proportional nature of unit entitlements, whereby, changing one lot necessarily affects all others. In practice, this makes applications complex, expensive and evidence-heavy, particularly in large schemes.

Under section 236(6) of the SSMA, where unit entitlements were not originally allocated based on a proper valuation, the Tribunal may order compensation and costs for overpayments, subject to a six (6) year limit.

Thus, while unit entitlements can be challenged, the aforementioned cases confirm that success depends heavily on comprehensive valuation evidence and careful consideration of governance impacts. For many, the cost and complexity may outweigh the benefit.

Separately, recent cases considering the 75% collective sale provisions highlight a different mechanism for dealing with inequities in strata schemes. Unlike section 236 of the SSMA, which adjusts relative unit entitlements within a scheme, collective sale provisions enable lot owners to bring the scheme to an end altogether. Both regimes reflect an increased focus on correcting

historical imbalances, however, operate in fundamentally different ways. Please click [here](#) for more information regarding strata renewals and [here](#) to learn more about unit entitlements.

Noting that a section 236 of the SSMA application is quite a complex matter, should an owners corporation or an interested party, such as a lot owner, have any issues regarding the allocation of unit entitlements, we recommend obtaining legal advice.

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