

Largest reform for 2 lot schemes yet: Strata managers will need to reconsider the service offering for 2 lot schemes

The NSW Government's pending reforms to strata management legislation, including the Strata Schemes Legislation Amendment (Miscellaneous) Bill 2025, are expected to commence later this year. These changes introduce a new governance framework for two lot schemes, now formally classified as "small strata schemes."

Under Section 7A, a two lot scheme is reclassified as a "small strata scheme" and negates the following requirements (and any ancillary requirements) in relation to such schemes:

- Passing special resolutions.
- Holding annual general meetings under Section 14 or 18.
- Holding other general meetings under Section 19.
- Constituting a strata committee under Section 29.
- Preparing a plan of anticipated major expenditure under Section 80.
- Provision of information to the Secretary under regulations made under Section 271(2)(o).
- Other requirements of the act or regulation prescribed by the regulations.

Additionally, Section 7A provides for the following decisions of such schemes to be satisfied by a written resolution of the owners corporation approved by all owners:

- A decision of the owners corporation required to be made in general meeting.
- A decision of an officer of the owners corporation.
- A decision of the strata committee.
- A decision of an officer of the strata committee.

This section also permits the regulations to further modify these requirements.

In addition to Section 7A, several related provisions have been amended to ensure consistency with the new governance model.

- Section 5(2A) reduces the vote of the original owner if aggregate unit entitlements exceed specified level no longer excludes two lot schemes.
- Section 30(3) has been removed so that a strata committee two lot scheme no longer required.
- Section 74(5)(a) has been amended such that a decision by a two lot scheme not to establish a capital works fund will be regulated by Section 7A, rather than Section 74(5)(a).
- Section 160(4)(a) has been amended such that a decision by a two lot scheme not to insure (jointly) will be regulated by Section 7A, rather than Section 160(4)(a).

If you are a Compliance Pack member, please click here to download the [Strata Reforms Guide](#).

Key takeaways

- The NSW Government's reforms will reclassify two lot schemes as small strata schemes.
- Key requirements such as passing special resolutions and holding annual general meetings will be negated for these schemes.
- Decisions can now be made through written resolutions approved by all owners.
- Several provisions have been amended to align with the new governance model.
- The document serves as general information and not legal advice.

****The information contained in this article is general information only and not legal advice. The currency, accuracy and completeness of this article (and its contents) should be checked by obtaining independent legal advice before you take any action or otherwise rely upon its contents in any way.*

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