Payment of bonds, fees or by-laws? New rules will apply

Not Yet Commenced

The Strata Schemes Legislation Amendment (Miscellaneous) Act 2026 has now passed Parliament, but the relevant provisions are yet to commence and remain subject to proclamation. Once in effect, the reforms will introduce much broader restrictions on the bonds and fees that owners corporations and associations may impose. In particular, the reforms will include provisions:

- Rendering a by-law ineffective to the extent that it requires a bond or fee inconsistent with the new provisions.
- Requiring that a bond be reasonable having regard to the likely risk of damage to common property arising from the matters to which the bond relates.
- Requiring provision of a written copy of terms pertaining to a bond, including circumstances in which the bond may be claimed or must be released, release being required if no claim is made within a specified period.
- Requiring that a fee for provision of goods or services not exceed the reasonable costs incurred by the owners corporation.
- Permitting the regulations to specify circumstances in which an owners corporation may not require a bond or fee.
- Permitting the Tribunal to order repayment of all or part of a bond or fee if satisfied that it is not reasonable or in the case of a bond as not been released according to its terms.

What by-laws require particular attention?

By-laws requiring particular attention include those:

- Relating to lot owner works, providing for a bond to cover potential common property repairs.
- Relating to lot owner use of common property, e.g. common property exclusive use rights or access for deliveries, providing for a bond to cover potential repairs.
- Relating to owners corporation provision of services and amenities, e.g. delivery of utilities via embedded network infrastructure.

We have considerable experience with these issues and could assist you with redrafting your by-laws to preserve their intended effect so far as possible or assist you with any practical issues you may be experiencing or expect.

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If you are a Compliance Pack member, please click here to download the Strata Reforms Guide.

Key takeaways

- New reforms will impose broader restrictions on bonds and fees for owners corporations.
- By-laws requiring particular attention include those related to lot owner works and use of common property.
- A bond must be reasonable and accompanied by written terms regarding its use and release.
- The Tribunal will be able to order repayment of bonds or fees deemed unreasonable.
- Bannermans Lawyers offers assistance in redrafting by-laws to comply with new legislation.

****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.*

Prepared by Bannermans Lawyers
Updated 9 November 2026

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