

Strata Reforms – Strata Levy & Payment Plans Shake Up

Pending reforms to strata management legislation — including the Strata Schemes Legislation Amendment (Miscellaneous) Bill 2025 — are expected to commence later this year. The reforms introduce a substantial suite of amendments to financial management, levy recovery processes and payment plan requirements. In particular:

Payment plans

Section 85 (5AAA) provides that a payment plan may, if agreed by owners corporation and owner, include payment of:

- Interest payable on an overdue contribution.
- A contribution that has been levied but is not yet due.
- Matters specified by regulation.

Additionally, sections 85 (5AB) and 85 (5AC) have been amended to clarify that a scheme may refuse to enter into payment plans in particular cases.

Reminder notices

Section 85(A) will require issue of a reminder notice in relation to unpaid levy contributions, including:

- Issue of the reminder notice between 7 and 10 days after the contribution became due.
- Inclusion in the reminder notice of the following information:
 - The date the contribution became due.
 - The amount of the unpaid contribution.
 - If interest will be payable, when interest will become payable and the amount of the interest.
 - The way in which the unpaid contribution may be paid.

- The information required to accompany a written notice under Section 83(1A) (information approved by Secretary).

In addition, Section 86(4) has been amended to extend the notice period before recovery action can be commenced. The owners corporation must now give the reminder notice referred to in Section 85A and 30 days' notice of the action.

Order of application of payments

Section 86A specifies the order of application of payments, being respectively to contributions (in order of due date), to interest and to recovery costs, except to the extent otherwise specified by Court or Tribunal orders or by the owner in arrears.

Recovery action

Section 86(2AA)(a) amends a provision of a previous reform act which has not yet commenced, to the effect that an owners corporation may only take action with respect to recovery expenses if it has offered the owner the option of entering into a payment plan, by requiring that the offered payment plan address interest, not just unpaid contributions.

As additional considerations, Section 86 (9) provides the Regulations may impose additional conditions on and requirements for recovery action while Sections 86(7) and (8) deletes the provision regarding application of payments.

Legal costs

Section 90(2) extends to the Tribunal the power presently conferred on the Court in relation to proceedings between the owners corporation and the owners of one or more lots, to order that monies (including costs) payable by an owners corporation under an order made in the proceedings must be paid from contributions levied only in relation to specified lots and in specified proportions.

What are the impacts of these changes?

These changes will impact strata managing agents, who will need to adjust their internal processes and compliance workflows. Key impacts include:

- Updating reminder notice procedures to meet new timing requirements.
- Revising payment plan workflows to reflect when plans may be offered or refused.

- Adjusting recovery action timelines to comply with extended notice periods.
- Updating templates and precedent documents including levy notices, reminder notices and payment plan offers.
- Reviewing software and automation settings to ensure compliance with new statutory requirements.

We have considerable experience with these reforms and could assist you with any practical issues you may be experiencing or expect.

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

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