

# STANDING COMMITTEE ON LEGISLATION

STRATA TITLES AMENDMENT BILL 2018



TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
THURSDAY, 27 SEPTEMBER 2018

SESSION ONE

Members

Hon Dr Sally Talbot (Chair)  
Hon Donna Faragher (substitute member)  
Hon Colin de Grussa  
Hon Simon O'Brien  
Hon Pierre Yang

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**Hearing commenced at 9.49 am****Mr FULVIO PRAINITO****Private citizen, sworn and examined:**

**The CHAIR:** On behalf of the committee, I welcome you to the meeting. Before we begin, I must ask you to take either the oath or the affirmation.

[Witness took the oath.]

**The CHAIR:** You will have signed a document called “Information for Witnesses”. Have you read and understood that document?

**Mr PRAINITO:** Yes, I have.

**The CHAIR:** These proceedings are being recorded by Hansard and broadcast on the internet. A transcript of your evidence will be provided to you. To assist the committee and Hansard, could you please quote the full title of any document you refer to during the course of this hearing for the record and please be aware of the microphones. Try to talk into them and make sure you do not cover them with papers or make noise near them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

I was going to ask you if you would like to make an opening statement to the committee —

**Mr PRAINITO:** Yes, please.

**The CHAIR:** — and I noticed in your paperwork you provided us with an opening statement. Do you want to outline that for the committee?

**Mr PRAINITO:** Yes. I am here to beg the Legislative Council, via this committee, to consider making a transitional provision in this bill that would grandfather from non-unanimous termination until 1 July 2025 owner–occupiers that bought their home before 1 July 2008 in existing strata titled schemes, unless it is beyond reasonable doubt that the strata building structure is unsafe and beyond the financial capacity of owners to repair. This would be about five to six years after the regulations are done and this bill becomes effectively law. This is the minimum period for dissenting long-term strata home owner–occupiers to adjust to the fact that they would be forced to sell their home for the public benefit of renewal and the rights of strata property investors. This would enable this bill to pass the Legislative Council as soon as possible, as requested by the minister, without the bill’s unintended consequences harming dissenting long-term strata home owners in a still fit-for-purpose strata scheme, especially if already controlled by the proponent, like mine, by giving them sufficient time to adjust to a new world where money is considered the cure of all evil.

**The CHAIR:** Thank you. Now, we sent you a number of questions and you have very comprehensively addressed those and sent us back the answers, so what I thought we might do, given that we have set aside 30 minutes to talk with you, rather than working through the questions again, unless you would like me to do that, I am going to ask you whether you have any additional material, any

information you that would like to pass onto the committee or any elaboration of these points that you would like to share with us. This is your opportunity to make your case.

**Mr PRAINITO:** I thought I was going to answer these questions —

**The CHAIR:** I can do that if you feel more comfortable.

**Mr PRAINITO:** — so that is why I prepared myself for it. I have tried to be as brief as possible, but I could not.

**The CHAIR:** I am happy with that, so should we just start with question 1?

**Mr PRAINITO:** Yes, please.

**The CHAIR:** Can you give us some background information on your occupation of the strata complex at 94 Marine Parade, Cottesloe, including details about the termination of that strata scheme?

**Mr PRAINITO:** I bought my beachfront townhouse home at 7/94 Marine Parade, Cottesloe, known as the Seapines, in mid-1992. I have occupied it since that time except for a period from 1995–96 to 2001–02 when I lived and worked in Singapore, Malaysia, Germany and Israel. During this period, it was rented out to Cottesloe Beach Chalets that operated it as part of their short-stay resort business—which is across the road—like many investors at the Seapines still do. Speculators started to buy into the Seapines in 2003–04. Since that time, there have been no properly documented proposals to terminate the strata scheme. The letter dated 28 February 2007 in the appendix of my submission is the closest to a proposal to terminate the strata scheme that I have received. It is the longest of a half a dozen letters received in 15 years. Communication from the proponent has been poor. As recently as a few months ago, there was an application by the proponent to the Town of Cottesloe for a planning scheme amendment approving an extra storey on the Seapines land without any consultation with the other owners that are not part of the speculators syndicate—namely, Catherine McMaster, Clive Beros, Maria and Pat Saraceni, Carolyn Milton-Smith, Sandra Morrell and Dianne Hutchinson, Jean Forrest, David Jennings and myself.

**The CHAIR:** Have there been any votes by those proprietors of your strata scheme on a proposal to terminate the scheme?

**Mr PRAINITO:** No. The speculator, despite owning 57 per cent of the lots, only controls 68 per cent of lots. Under the current law, she does not have the numbers to apply for termination in a court of law because the strata company will not pass the special resolution that she needs to deem a resolution to terminate unanimous. Under this bill, she will be able to start the termination process because she controls the strata company by virtue of owning more than 50 per cent of the lots. Consequently, I urge the committee to consider a transitional provision, at least for existing strata schemes of 20 and over lots that are still fit-for-purpose and where the proponent controls the strata company, to retain the existing threshold of 75 per cent before the termination process can be started. This would align strata companies with corporation law where for companies of 20 and over shareholders, the takeover by a majority process starts at 75 per cent, with the compulsory acquisition process enforceable only at 90 per cent. It is discriminatory to treat owners of a strata company differently from shareholders of a company when the only motivator for termination, on the basis of probabilities, is the same—namely, profit.

**The CHAIR:** You have outlined a number of objections. What would you say your key objection is?

**Mr PRAINITO:** I would like to focus on the one that has been the least understood because it is personal and it comes from the heart, not the mind. I do not want to be forced to sell because I like my irreplaceable home and I do not like to be bullied into selling because there is no real need for termination. I really do not want to go through and read this.

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**The CHAIR:** Is it a bit too emotional for you?

**Hon SIMON O'BRIEN:** Madam Chair, maybe it might assist the witness if we offer to incorporate his written responses in our record.

**The CHAIR:** We are very happy to take this as part of your evidence and incorporate the answer to question 3, which is at the bottom of page 1 of our document of your email. We can incorporate that into transcript from the words "There are many and they are detailed in my submission."

**Mr PRAINITO:** Perhaps I can carry on from "Most importantly", which skips the emotional part.

**The CHAIR:** Yes.

[10.00 am]

**Mr PRAINITO:** Most importantly, it is in good condition because I have looked after it including the common property around it at my own effort and cost. I have renewed it in 1992, 2003, 2010 and 2016 when all internal and external surfaces were repainted and renewed to match new furniture; it is so easily cleaned that I have not seen a cockroach or an ant inside. It is definitely not dilapidated. It is these little things that make homes the most overvalued asset on earth. This is why I paid the second highest price of all the units in the strata complex when they were all offered for sale at the same time in 1992. My beachfront townhouse was 27 per cent more expensive than those at the back. My home is an integral part of my happiness that no amount of speculators' money or near enough is good enough, like-for-like replacement can compensate for. This building inspection report dated 14 May 2016 says that the Seapines strata complex is in average condition. It is not unsafe. There is no dangerous asbestos or dilapidating concrete cancer as claimed by the proponent. The concrete slab above the underground car park has not fallen down within 10 years, unless fruitful spiralling expensive repairs were made. These expensive repairs were not done since the speculator would not allow us to do so. You can read that for yourselves in the letter of 28 February 2007. Only some inexpensive repairs that I thought appropriate were done and the slab is still fit for purpose 12 years later. The strata levies at \$1 100 per quarter per unit are not beyond the capacity of owners to pay. There are no repairs and maintenance that cannot be covered by these affordable levies now.

Despite the fact that there was a period of five years when the proponent did not pay her levies, which resulted in accelerated deterioration of the strata complex, some of which is still evident now, the Seapines are still fit for purpose and it would be in much better shape if it were allowed to have a reserve fund so that it could be better maintained. In fact, our strata complex is in better condition than its neighbour, Indiana, across the road and the Lido complex next door. The committee needs to take particular note that the eyesore that is the Lido building next door to the Seapines is in far worse shape and it has no dissenting owners to blame for why it has not been renewed because the whole is owned by one. I truly appreciate the opportunity you have given me to be here.

**The CHAIR:** Thank you. That was a very moving account of what brings you here today. I really appreciate that and I am sure my colleagues on the committee join me in saying that. Let us move to question 4, which is about the steps that you have taken to provide feedback to the proponents and the relevant agencies and what their reaction has been.

**Mr PRAINITO:** The feedback that I have given to the development proponents since the beginning is that I have no objection to a redevelopment as long as I am an integral part of it. This is because I knew that I could not effectively be forced to sell, so that I could negotiate the like-for-like replacement that I needed. This changed when I learnt of this bill's intent to allow termination by a majority that will eventually lead to compulsory acquisition of a minority. So at the end of the 2016 strata AGM, I asked the proponent if she was intending to offer a like-for-like replacement on

an off-the-plan buyback basis to owners of beachfront townhouses that have the most to lose from termination. She replied that there will not be a like-for-like replacement offer because we will not be able to afford any of the exclusive beachfront apartments, or words to that effect that another owner, Carolyn Milton-Smith, can vouch for as she was present. When I questioned the speculator about the planning scheme requirement of half of dwellings below 70 square metres and below 90 square metres, which were purposely put in by the local government in order to ensure some affordable housing on the beachfront, she said that would be catered for by the 30 short-stay planning requirement. After this depressing news, I contacted the Town of Cottesloe planning office where I was told that I was legally correct because the requirements of half affordable dwellings and 30 short stays were mutually exclusive since dwelling and short-stay have different legal meaning under planning law. However, I was told that a planning scheme amendment on appeal to the minister would make the speculator's intent legal.

I presume that by relevant agencies you refer to Landgate. I did not make a submission during the original request by Landgate to do so because, like 99 per cent of strata owners, I could not believe it possible that the government was considering termination by a 50 per cent majority, which would lead to compulsory acquisition of a 25 per cent minority. After a few articles in *The Post* by award-winning journalist, David Cohen, I was asked by Landgate to attend a very fruitful meeting with Sean Macfarlane and another lady by the name of Alison on the 29 February 2016. During this meeting we spoke about our Singapore experience, the need to use the University of New South Wales report of December 2015 as a reference because it was the only study on the subject of strata termination in an Australian context, the need to cater for dissenting long-term strata home owner-occupiers with a like-for-like replacement bought on an off-the-plan basis, the need to prevent a forced sale when the mortgage was higher than the fair market price, the need for a tiered termination threshold based on size, the need not to force occupiers out of their homes until actual redevelopment started, the need to enforce both a dead valuation of the whole strata land; that is, land value equals redevelopment sales revenue, less all the costs associated with it, shared in accordance to an alive valuation that is based on the relative value of each lot and other things that are now in the bill.

I can only speak highly of Sean Macfarlane. He showed the empathy and competence that would make a good advocate for vulnerable owners, in case you want to have one. He promised that I would be invited to provide more feedback on the termination part of the draft bill as it progressed, especially since we agreed that the Seapines could be used as a pilot study before finalising the bill, but Landgate never invited me back. This was probably due to the criticism, printed in *The Post* on a number of occasions, which I made about the undue influence of the seven property industry lobby groups on the bill to the detriment of dissenting long-term strata home owner-occupiers that live in existing fit-for-purpose strata title schemes that are not allowed to have a competent developer-led collaborative approach for the redevelopment of their strata land because the strata company is controlled by a minority of speculators that own the majority of lots. The current Minister for Lands refused to meet me despite multiple requests and the short meeting with one of her advisers was such a complete waste of time that I gave up on her. I believe that if this was not the public service but a private business, then there would be a case to answer for innocently misleading the vast majority of strata home owners into believing that part 12 was only about preventing one holdout blocking the majority from redeveloping their unsafe or derelict strata building and to safeguard them from an unfair possible future termination.

**The CHAIR:** The next question is about compensation. Have you been offered any compensation or other consideration in exchange for agreeing to any termination proposal?

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**Mr PRAINITO:** I never received a legally binding offer to purchase my home. I never received a properly drafted offer or other consideration in exchange for agreeing to any termination proposal. After the proponent bought 11 units in 2003 and 2004, I received a one-page heads of agreement based on an information memorandum of not even two pages to become an investor in the redevelopment of the Seapines so that I could buy back into by vesting my home for a consideration of \$670 000. I consider it unprofessional, let alone financially inadequate, so I refused to sign it. This turned out to be a good decision not only because unit 8 next door was sold soon after for \$820 000 in February 2006 but mainly because there was evidence that the new proponent could not be trusted.

[10.10 am]

In fact, Dr Shelley Craddock, an investor in the Seapines via a sub-syndicate led by the proponent, successfully sued the proponent in the Supreme Court for bad investment advice. So she was being sued from someone within her own syndicate.

Only two units were bought by the proponent in 2006 and 2007. During this period there was a lot of coercion via real estate agents and other means—you can read the letter of 28 February 2007—to sell for \$1 million plus \$100 000 for beachfront townhouses on Marine Parade. I refused to even consider it because the beachfront Marine Parade townhouses were 27 per cent more expensive than those at the back when all the units in the complex were put on the market back in 1992.

In 2008, three of my owner-occupier neighbours at the back decided that they had had enough of the bullying and sold just before the GFC for \$1 million. They did not get paid until 2014, after a long legal action was settled out of court with actual payout undisclosed due to confidentiality agreements. Just before the GFC, a potential redevelopment competitor with links to a real developer was quickly bought out of the 39-square-metre laundry that is located underground in the back lane next to the rubbish bins for \$1.544 million because he was seen as a threat. The laundry is now derelict with its value as a going business concern wiped out. The proponent described it as a one-off strategic investment because after this purchase the remaining owners would have no other option but to sell to the proponent as there would not be any other possible buyer because she would control the strata company. This turned out to be the case because when an owner that needed money sold his beachfront unit in December 2014, he only managed to get \$965 000. At the 26 August 2013 AGM, which I did not attend, the proponent promised a 200 per cent return on investment—which you can read for yourself in the meeting minutes—and threatened to take Carolyn Milton-Smith to the District Court if she refused to sell. The \$1 million offer was made again in a letter on 28 January 2015, which was reduced to \$850 000 in another letter on 11 June 2015. This \$850 000 offer was only considered by an investor that owns a unit on the back lane that asked for \$1.2 million as his fair share of the rezoned bit of land that it sits on, but it was refused. The proponent said that \$850 000 is above the fair market value of a 40-year-old depreciated, one-bedroom, one-bathroom, one-car bay unit. There is no doubt that this bill has reinvigorated the proponent, as you can read from the veiled threats based on misleading information in this letter from the proponent of 19 January 2016. Maybe you can see statements like —

All of our offers have been above market value which as you know has fallen in recent years and would be expected to continue to fall as the units grow older.

Obviously, she does not want anybody to know about the uplift in land value from rezoning the land from one and a half storeys to five or six storeys —

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... we need to acquire two more units to achieve the percentage where we will be able to acquire the remaining units at the market value for each unit, which will be established by the ... (SAT).

I think statements like —

... the Government would not have initiated the legislation, if they did not consider that these changes were required. We also understand, identical legislation has been introduced in NSW, Vic and Qld.

Victoria and Queensland is definitely not true. New South Wales—it was a bit precocious because it did not become law until November 2017 when the regulations were passed.

On Tuesday this week after our AGM, the proponent, with a new member of the speculators syndicate, Sam Barnett, that I am told tricked a farmer in Kalbarri to sell well below market price, gave an unsigned offer of \$1.1 million with settlement on 21 January 2019 to two owners that stayed behind. An agreement has been signed between the proponent and an associate to buy two units at \$1.6 million, but this more realistic market price has not been offered to owners outside of the speculators syndicate. So owners outside the syndicate are offered \$1.1 million regardless of whether they are beachfront townhouses or not, while owners inside the syndicate, are offered \$1.6 million in secret side agreements. It is facts like these that make owners that are not part of the speculators syndicate not trust the proponent and block termination from proceeding. I am certain that I will be cheated by the proponent on any like-for-like replacement deal because of her track record. This is why I will not sell to this proponent until I am forced to do so by the SAT. All the owners are saying that as long as she remains the proponent, termination will only happen if the SAT forces it. This is fine for the investors at the Seapines with huge capital gains but a travesty of justice for an owner–occupier like myself, who has a solatium capped at 10 per cent. An adequate compensation needs to be based on rezoned land value shared in accordance to relative value of each lot. The Seapines rezoned land value is \$50 million now in a depressed market and more. The current valuation can be calculated based upon two methods, which, if you want, I can go into detail.

**The CHAIR:** Perhaps you would just like us to incorporate the data from “1) Seapines” down to the end of that paragraph, “principal home owners with solarium capped at 10%”.

**Mr PRAINITO:** Yes.

**The CHAIR:** We will incorporate that into *Hansard*<sup>1</sup>.

**Hon DONNA FARAGHER:** Could I ask a question that goes back to the concept of like-for-like? You talked about that and it is obviously referenced in the bill. I absolutely appreciate that this is your home and that there is a lot of meaning attached to your home. In the context of that, I am keen to get your thoughts and understanding as to what like-for-like is and, in fact, what should be considered as part of a like-for-like. Notwithstanding your views with respect to the legislation, given the fact that it is there and it is obviously something that is an integral part of the bill, I think it is important for us to get an understanding of what you see as fair in terms of like-for-like. Does that make sense?

**Mr PRAINITO:** Yes, it does. I have actually made a separate submission, which I sent in on Friday last week. It suggests three improvements for the strata bill and it refers to specific sections. Number one is like-for-like. What I would like is to mandate like-for-like to be offered to dissenting long-term strata home owner–occupiers and that it not be an option, as it is in the bill, to be offered.

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<sup>1</sup> This information can be accessed separately on the committee webpage.

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I have a definition of “like-for-like”. In that particular submission, there is a paragraph where I said that I am not holding out as long as possible to get as much money as possible. This bill is increasing my fear of not being able to afford to buy back my home with the same volume of internal space, similar facilities—swimming pool, secure underground car parking, balcony, outdoor courtyard—and, most importantly, similar amenities, aspect and views of sunset over the sea and the sunrise over the hill, proximity to iconic beach in the same location and position. This fear is the reason for not wanting to sell and it is the details of this bill that have only aggravated this fear. While I believe there has been a serious, genuine attempt in the bill to incorporate this like-for-like definition, it fails by simply not mandating it for long-term strata home owners because when you leave it to the proponent, like in my case, it is not going to happen.

[10.20 am]

**Hon DONNA FARAGHER:** One person’s like-for-like is another person’s different perspective, essentially; I think that is where you are coming from. The perspective of perhaps the —

**Mr PRAINITO:** No, in my case, there has not even been an attempt to say, “You’re going to get this”, and me saying, “No, I don’t like it.” That has not even happened. I think the bill is good in that it says it has to be commensurate to the value that, say, investors would get for a similar like-for-like. I think I understood —

**Hon DONNA FARAGHER:** You have answered the question well, so thank you. I think that was just helpful.

**Hon SIMON O’BRIEN:** You indicated in your answer earlier that Seapines had been raised as a good candidate, possibly, for a pilot study of how the new legislation system might work, but nothing ever came of that.

**Mr PRAINITO:** No. I am an engineer and when you make a decision that is so risky because it impacts so many people, you try and minimise that risk by building a pilot plant and testing your bill against it. Then you can sort out all the problems which are, in this particular case, the unintended consequences, so that you can make the bill better. That is what I was aiming for.

**Hon SIMON O’BRIEN:** It certainly occurred to me and possibly my colleagues here that it is a good model to use, perhaps when we are talking with Landgate and the bit later on this morning, so I will raise it with them. A number of times —

**Mr PRAINITO:** I did raise it with Sean Macfarlane when I met him in February 2016 and he was keen on that.

**Hon SIMON O’BRIEN:** Yes. As I said, we will take it a little further. You have mentioned on a number of occasions the proponent, as in —

**Mr PRAINITO:** That is something else I might add: it would be good to know how the SAT would interpret it because there are a lot of things in this bill that I think should be covered in the bill but, unfortunately, are left to the SAT to develop, I guess, a case law for it. These are pretty substantial items, such as what is a reasonable opportunity to reply to the proposal step? If they are done well, they probably would be as thick as this bill.

**Hon SIMON O’BRIEN:** You mentioned a number of fellow owner—residents and you gave us a list of their names just now. Are they all owner—residents or —

**Mr PRAINITO:** No.

**Hon SIMON O’BRIEN:** Are some of them leasing?

**Mr PRAINITO:** There are essentially only two owner—occupiers and the rest are all investors.

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**Hon DONNA FARAGHER:** How big is the complex?

**Mr PRAINITO:** It is 28 units. It is described in my submission. There is a restaurant and a laundry. You probably know it because of Amberjacks Fish and Chips and it is directly opposite Indiana. In the 26 years I have been there, if I did not like my neighbours, all I had to do is wait a few nights because they were mainly short-stay users. They were extremely well-managed by Cottesloe Beach Chalets across the road. I must be the only person that I know that is perfectly okay with short-stays because anytime I have had any issues, I have asked them to deal with it and they are extremely good. I guess I am a rare case in that I am the only real home owner–occupier, as well as —

**Hon SIMON O'BRIEN:** There is a list of other owners and there is a number of them, and you refer to them collectively as not part of the speculators syndicate. The speculators syndicate—is that who you are referring to when you talk about the proponent?

**Mr PRAINITO:** Yes. The proponent owns 16 units.

**Hon SIMON O'BRIEN:** Who is the proponent? Is it identifiable?

**Mr PRAINITO:** Yes. I think it is identifiable by the letters. The representative of the proponent is Ms Debbie Whiting. It is the Seapines Property Group Pty Ltd as trustee for the Sea Pines Property Trust.

**The CHAIR:** Have you already given us that document?

**Hon COLIN de GRUSSA:** Was it called Skyride in 2007?

**Mr PRAINITO:** I think that may have been the previous name. I can give you exactly what the name is on the purchase offer that I was given on Tuesday. That would clearly identify who —

**The CHAIR:** Do you have that there with you or do you want to take that notice?

**Mr PRAINITO:** I can take that on notice, but I have written it down. It is on my phone, in the notes, so I can —

**The CHAIR:** You can either look it up now and tell us, or you can go away and let us know later.

**Mr PRAINITO:** Sorry for not being prepared with this.

**Hon DONNA FARAGHER:** You have been very prepared.

**Mr PRAINITO:** Not when it comes to the most important thing, which is this!

**The CHAIR:** We do not need to hold you up now. We will come back to you and you can supply that information. You did refer to a letter dated 19 January 2016. I do not think we have a copy of that. Would you be able to —

**Mr PRAINITO:** I emailed that this morning, together with my statement.

**The CHAIR:** I am getting signs that we may not have received it. Do you have a copy of it there?

**Mr PRAINITO:** Yes.

**The CHAIR:** Would you like to table that?

**Mr PRAINITO:** Yes.

**The CHAIR:** That document is tabled. Do you want to just identify it? Just read us the title so we know what it is that is being tabled.

**Mr PRAINITO:** It is “Seapines Property Group Pty Ltd as trustee for The Sea Pines Property Trust.” It is a letter dated 19 January 2016 and it is signed by DJ Whiting, director of Seapines Property Group Pty Ltd as trustee for the Sea Pines Property Trust.

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**The CHAIR:** That is great; thank you very much.

[10.30 am]

**Hon SIMON O'BRIEN:** I have one more. I am aware we are pressed for time.

**Mr PRAINITO:** Sorry; let me continue in terms of the speculators group. Ms Whiting has two associates—one that owns two units and that is Highway Construction, and another one is an engineer that works for the owner of Highway Construction.

**Hon SIMON O'BRIEN:** Thank you for that.

**Hon DONNA FARAGHER:** Just to clarify, in terms of the ownership of the townhouses, the other speculator, if I might put it that way —

**Mr PRAINITO:** She owns 16.

**Hon DONNA FARAGHER:** Sixteen and there are another two.

**Mr PRAINITO:** — and controls 19. For example, the sale that I was referring to is of two of these units to her. Rather than becoming an associates, it may become that she actually owns 18. But there are also some changes that have not occurred yet that I found out on Tuesday and that Sam Barnett will be buying into the syndicate via three units, but this has not happened.

**Hon SIMON O'BRIEN:** You referred to the 26 August 2013 AGM, which you did not attend, but at that, the proponent made an offer to Carolyn Milton-Smith and threatened to take her to the District Court if she refused to sell. How did you become aware of that interchange?

**Mr PRAINITO:** The 200 per cent return is actually in the meeting minutes and the interchange came because Carolyn Milton-Smith complained to me that I was not there and no-one else stood up for her.

**Hon SIMON O'BRIEN:** You characterised that as a threat. Have there been any other —

**Mr PRAINITO:** She characterised it as a threat.

**Hon SIMON O'BRIEN:** Right; thank you for that. Have there been any other threats that you are aware of of a similar nature?

**Mr PRAINITO:** Look, there have never been any physical threats —

**Hon SIMON O'BRIEN:** No; I am not talking about —

**Mr PRAINITO:** — or intimidation. Bullying takes many forms. It does not have to be physical. It does not even have to be verbal. It can be just constant harassment. It can be just not knowing that you are safe, that you can enjoy your home as if it was your own castle.

**Hon PIERRE YANG:** I have just got a very quick question, sir. You categorised yourself as the only occupier-owner.

**Mr PRAINITO:** There is also Jean Forrest.

**Hon PIERRE YANG:** Yes; okay. In your email dated 26 September at 11.16 on question 1.3, you mention in 2008 three of your neighbour owner-occupiers —

**Mr PRAINITO:** Previous.

**Hon PIERRE YANG:** How many of them have —

**Mr PRAINITO:** Originally?

**Hon PIERRE YANG:** Yes, before this all started. You would probably contend that they left the strata complex due to the speculator syndicate's work.

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**Mr PRAINITO:** They were amongst the original buyers. When I bought in there, there were other people that bought with me—about half a dozen—and most of them were there for a very long time, in fact, until that particular date that they sold. Three of them sold at that particular date and they sold because they just decided that it was too much. It was better, less stressful, to just carry on their life by other ways. One decided to move elsewhere. The others decided to take the opportunity to go overseas.

**Hon PIERRE YANG:** Apart from these three cases, and I think there was one more, are you aware of any other similar cases?

**Mr PRAINITO:** That they sold because of harassment? I think it is very difficult to define. When you are getting hassled and then you get an offer, an incentive, you do not know what is causing—you know. It is like, look, they offered me a million dollars and I would take it now because it will enable me to start a new, better life because I am not getting harassed. So you do not know whether it is the million dollars or the harassment. It is a bit of a push–pull. It is going to be very difficult to say whether it was harassment or not unless they say that it was harassment. The only thing I mentioned was this case with Carolyn Milton-Smith because she was distraught and that was evident.

**The CHAIR:** Thank you for that. I am proposing that we skip over 1.6 because you have given us your answers to that in your written statement and that is fairly clear. Can we move to proposed part 12 of the bill?

**Mr PRAINITO:** That is right at the back. Sorry—1.7.

**The CHAIR:** Questions 1.7 to 1.11 are really about the proposed provisions about the termination of strata title schemes proposed by the new part 12. Can I ask you to give us your views—you may want to just talk generally about those questions about new part 12—and summarise the information that you have given us in response to questions 7 to 11?

**Mr PRAINITO:** It is very hard because I have already summarised it here and to summarise it even further is very difficult.

**The CHAIR:** I know and we would be very happy to make this document available to people.

**Mr PRAINITO:** I think it is fair enough for the whole document to be made available.

**The CHAIR:** You are happy for that?

**Mr PRAINITO:** I will be even more happy for my submission to be made public, because that actually deals with the bill section by section or refers to the specific sections.

**The CHAIR:** That is open to the committee to do that, so we appreciate your advice on that matter. We will make public both your submission and the written responses to our 11 questions that you have talked through today.

**Mr PRAINITO:** Yes.

**The CHAIR:** We will make both those documents public. Just in the next few minutes, because I have to close the session and move on to the next hearing, did you want to make a closing statement or did you want to address some of those matters about proposed part 12?

**Mr PRAINITO:** I think it is all self-explanatory.

**The CHAIR:** You have been very thorough in your responses.

**Mr PRAINITO:** I have just a mass of it here.

**The CHAIR:** You are doing very well. It is not an easy issue to be precise about, so you have done a good job.

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**Mr PRAINITO:** I actually feel sorry for politicians who have to deal with one clause that is nearly 200 pages long.

**The CHAIR:** That is very generous of you.

**Mr PRAINITO:** Would you like me to make my closing statement?

**The CHAIR:** Yes, if you are happy to do that.

[10.40 am]

**Mr PRAINITO:** Part 12 of this bill is an incentive to bad proponents like the one in my strata title scheme. It is a bully bill more than a boot-a-granny bill because it gives overwhelming power to a proponent that controls a strata company. Its safeguards, in reality, can only work with good proponents that this bill effectively shuts out in my strata scheme and leads to market failure or cases of unanimous termination where there is actually a need for this bill. It favours investors over home owner-occupiers with a de facto capital gains tax refund, which in my case, if I was an investor, would equate to 21 per cent, while home owners have their solatium capped at 10 per cent. This bill does not even have a statement of principles to guarantee that the full sale of a principal home is in the public good, despite the state interfering in what is essentially a private matter. It is discriminatory, because it allows a speculator to compulsorily acquire home owners for profit at lower thresholds compared with shareholders in similar companies. I am out of time, so I will stop here to say that if this bill is passed as it is without the grandfathering that I backed in my opening statement, it will become a blemish on the social justice record of this government.

**The CHAIR:** Mr Prainito, thank you very much for your evidence here today. Thank you for attending today. A transcript of this hearing will be forwarded to you for correction. If you believe that any corrections should be made because of typographical or transcription errors, please indicate these corrections on the transcript. I do not think you took any questions on notice in the end. There was one issue. That was about the name of the proponent.

**Mr PRAINITO:** That is on the unsigned offer.

**The CHAIR:** It is on the unsigned offer and you are going to look that up.

**Mr PRAINITO:** I will give you that.

**The CHAIR:** If you could let us have that by 1 October—I know that is a very tight time line.

**Mr PRAINITO:** I will do it now and I will email it.

**The CHAIR:** That is great. Staff will follow that up with you.

The committee requests that you provide your answers to questions taken on notice when you return your corrected transcript of evidence. If you want to provide additional information or elaborate on particular points, you may provide supplementary evidence for the committee's consideration when you return your corrected transcript of evidence.

**Hearing concluded at 10.42 am**

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