

Unfair Contract Traps: Review Before Auto-renewal

Many owners corporations enter into ongoing service contracts for essential services like waste management, gardening, cleaning, and lift maintenance. While these contracts provide routine and reliability, they often contain hidden traps – most notably automatic renewal (or “roll-over”) clauses.

These terms can silently lock your scheme into another full contract term unless written notice is served within a tight, specific window before the expiry date.

Legal Risk: Unfair Roll-Over Clauses in Strata Contracts

The Australian Competition and Consumer Commission (ACCC) has long scrutinised automatic renewal clauses in standard form contracts.

In a landmark enforcement action, the Federal Court confirmed that a 5-year automatic roll-over clause—alongside other restrictive terms—constituted an unfair contract term (*Australian Competition and Consumer Commission v JJ Richards & Sons Pty Ltd* [2017] FCA 1224).

Beyond automatic roll-overs, standard service agreements frequently hide other high-risk terms:

- **Unilateral price variation clauses** – Allowing service providers to raise fees without committee approval.
- **Broad indemnity provisions** – Shifting unnecessary legal risk onto the owners corporation.
- **One-sided termination rights** – Allowing the contractor to exit easily while keeping the scheme bound.

Why Early Contract Audits Save Schemes Money

Waiting until *after* a contract has automatically rolled over severely limits your legal options. Once the deadline passes, terminating early often incurs heavy penalty fees or protracted legal disputes.

For strata managers managing multiple properties and committee members overseeing budgets, auditing active service contracts well before their expiry date is essential risk management.

Quick Checklist: What Should Your Scheme Do?

1. **Map your expiry dates:** Identify all active service agreements and note their formal end dates.
2. **Locate notice windows:** Check if the contract requires 30, 60, or 90 days' written notice to prevent automatic renewal.
3. **Review for unfair terms:** Identify any unilateral fee increases or restricted termination rights.
4. **Seek plain-English legal advice:** Get a legal review from our [specialist strata lawyers](#) before the notice window closes.

Protect Your Scheme from Unfair Contract Traps

Unsure whether an automatic renewal clause in your service agreement is legally enforceable? Or has a contract already rolled over without your consent?

Our specialist strata lawyers provide practical, plain-English legal advice to help owners corporations and strata managers navigate complex service contracts. We can review your existing agreements, identify unfair or risky terms, advise on

termination rights, and assist with contract negotiations before costly deadlines pass.

Don't get locked into an unfair contract.

[Get an Expert Review Before Your Service Contracts Auto-Renew](#)
[≥](#)

Need Expert Strata Law Advice?

Whether you are navigating a complex dispute or looking to protect your scheme, our specialist NSW and Sydney strata lawyers are here to help. We provide clear, practical advice on all aspects of strata law, including by-laws, building defects, and fast levy debt collections. Call our team on 02 9562 1266 or [email us here](#) today.