



Strata Managing Agents Legislation Amendment Bill Additional Feedback 2024

Strata Community Association NSW Submission
4 September 2024

INTRODUCTION

1. Strata Community Association (NSW) Overview

Founded in 1980, Strata Community Association (NSW) was formerly known as the Institute of Strata Title Management. SCA NSW serves as the peak industry body for Strata and Community Title Management in New South Wales. The association proudly fulfils a dual role as both a professional institute and consumer advocate.

2. Membership

SCA NSW boasts a membership of over 3,000 members, including lot owners, suppliers, and professional strata managers who oversee, advise, and manage a combined property portfolio estimated to be worth over \$450 Billion.

3. Strata and Community Title Schemes in NSW

NSW is home to 89,049 Strata and Community Title Schemes. A significant 95 per cent of these schemes are comprised of residential lots. Altogether, the total number of Strata and Community Title lots in NSW stands at 1,043,690.¹

4. NSW as a Leader in High-Density Living

According to the 2022 Australasian Strata Insights Report, there are 2,501,351 people residing in apartments across Australia. A majority of these apartment dwellers (51 per cent) are in NSW.² NSW also leads the way in the trend to higher density living in Australia and boasts the highest proportion of apartment households relative to all occupied private dwellings, standing at 22 per cent.

5. Employment Impact

Strata is a significant employer, directly providing jobs to 1,413 managers throughout NSW, as well as an additional 1,317 other related employees.³

6. Promoting Professionalism

1. SCA NSW is dedicated to fostering a high standard of professionalism in the strata industry with initiatives like the Professional Standards Scheme (PSS), which contributes to ensuring strong consumer outcomes for over 1 million strata residents in NSW.
2. SCA NSW membership encompasses a wide range of entities, from large corporate companies to small family businesses to dedicated volunteers. Members possess expertise in all aspects of strata management, service provision, and governance.

For further information about this consultation, please contact Dylan Lin, Policy and Advocacy Officer, SCA NSW. Dylan.lin@strata.community

¹ Hazel Easthope, Danielle Hynes, Yi Lu and Reg Wade, Australasian Strata Insights 2022, City Futures Research Centre, UNSW, Accessed at https://cityfutures.adu.unsw.edu.au/documents/717/2022_Australasian_Strata_Insights_Report.pdf

² Ibid, p.8-13

³ Ibid, p.8.

STRATA MANAGING AGENTS LEGISLATION AMENDMENT BILL 2024 ADDITIONAL FEEDBACK

Introduction

The Strata Community Association NSW (SCA NSW) appreciates the opportunity to provide feedback on the Strata Managing Agents Legislation Amendment Bill 2024. The association supports the Bill's aim to strengthen the regulatory framework governing strata managing agents by enhancing transparency, accountability and compliance.

SCA NSW's Response

1. What do you think about the proposed approach to commencing the Bill provisions?

The Bill introduces greater disclosure requirements for strata managing agents regarding commissions and training services. This requires either:

1. Amending existing agency agreements through a general meeting of owners corporations to include specific details mandated by the Bill, or
2. Presenting a document with the widened disclosure requirements prepared by the strata managing agent along with a general meeting resolution.

Both options require amendments to the agency agreement or the preparation of a disclosure document and a general meeting of the owners corporations. Consequently, some strata managing agents may need to make those amendments and call general meetings for all their owners corporations. Given this, **SCA NSW recommends a minimum period of six months** to implement these changes.

Additionally, agency agreements will need to be amended to remove any insurance uplift provisions and include a clause prohibiting the strata managing agent from charging an insurance uplift. Currently, no standard agency agreement from any of the industry bodies currently complies with this. Therefore, all agency agreements in the market do not comply and will need to be amended.

To facilitate a smooth transition, **SCA NSW recommends that Clause 6 of Schedule 12 of the Property and Stock Agents Regulation 2002 apply only to contracts initiated six months from the commencement of the Bill.** This period allows sufficient time for strata managing agents to make the necessary amendments to their agency agreements.

Additionally, **SCA NSW is concerned about the requirement to include a percentage in insurance disclosures, a provision not included in SCA's Best Practice Insurance Disclosure Guide (BPG).** Implementing this requirement would require brokers to undertake a significant amount of additional work, including updating their systems and modifying all their outcomes to strata managing agents, merely to add a percentage to the template. **SCA NSW views this as unnecessary, especially since the current process** aligns closely with SCA's Insurance Disclosure BPG. This change would result in at least an additional 6 months of work.

2. How long will industry need to implement the new disclosure obligations in the Bill?

SCA NSW recommends that a minimum of six months be required for the industry to fully implement the new disclosure obligations outlined in the Bill.

3. Additional Comments

At present, **SCA NSW has no additional feedback to offer.**

For further information about this consultation, please contact Dylan Lin, Policy and Advocacy Officer, SCA NSW. Dylan.lin@strata.community