



# Strata Schemes Legislation Amendment (Miscellaneous) Bill 2025 Consultation Draft

Strata Community Association NSW Submission  
12 September 2025

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# INTRODUCTION

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## 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.<sup>1</sup>

## 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.<sup>2</sup> 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.<sup>3</sup>

## 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 Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. [Andrew.Jefferies@strata.community](mailto:Andrew.Jefferies@strata.community)**

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<sup>1</sup> 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](https://cityfutures.adu.unsw.edu.au/documents/717/2022_Australasian_Strata_Insights_Report.pdf)

<sup>2</sup> Ibid, p.8-13

<sup>3</sup> Ibid, p.8.

# STRATA SCHEMES LEGISLATION AMENDMENT (MISCELLANEOUS) BILL 2025 CONSULTATION DRAFT

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## Introduction

The Strata Community Association NSW (SCA NSW) welcomes the opportunity to provide feedback as a key industry stakeholder to NSW Fair Trading and The Office of the Registrar General's development, with input from the Department of Climate Change, Energy, the Environment and Water (DCCEEWS), of the Strata Schemes Legislation Amendment (Miscellaneous) Bill targeted consultation.

SCA (NSW) notes the desire of the NSW Government to reform strata laws across the state to complete the statutory review of the Strata Schemes Development Act 2015 (the Development Act) and the Strata Schemes Management Act 2015 (the Management Act) in 2021. 139 recommendations were listed in the final report, and a phased approach has been adopted for their implementation.

This bill seeks to implement 29 recommendations from the statutory review through amendments to the Management Act (16), Development Act (13), and changes to legislation with the *Community Land Management Act 2021* and *Conveyancing Act 1919*. It aims to:

- improve consumer protection and increase transparency about the operation of strata schemes for owners, and
- reduce regulatory burden on owners and strata managing agents.

We have noted the intention that the bulk of provisions of this bill will commence on proclamation and that further supporting regulation is likely to be developed and consulted upon, following Parliamentary passage.

## SCA NSW's Response

Please find our response to the questions listed in Strata Schemes Legislation Amendment (Miscellaneous) Bill Consultation.

## DEVELOPMENT ACT

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### Strata Management Statements – Shared Facilities

3. *Should the legislation specify the types of changes to the shared facilities or services that trigger a request to review the allocation of costs, or should this be left to the management statement? If yes, what changes do you think should be included?*

**SCA (NSW) believes** that the legislation should specify the types of changes to shared facilities or services that trigger a request for an allocation of costs review.

We support the proposed changes but also recommend additional points that would trigger a review:

- Additional facilities
- Any omitted facilities from the outset and where it is evident that two or more members use the facility

We also argue that reviews should be conducted with the assistance of an independent expert, rather than Building Management Committee (BMC) members conducting a review without the necessary expertise or where conflicting positions have arisen.

Concerns have been raised that stratum members who benefit from inequitable allocations can too easily stall or discontinue a review through use of their voting entitlements.

### Record keeping in part strata schemes

We note the statutory review identified a need for a prescribed minimum standard for record keeping, as well as enhanced transparency for owners and prospective purchasers.

**SCA (NSW) agrees** with amendments to sections 105C and 105D that will require the BMC to keep up to date information about the Committee and building owners, as well as retaining building and financial matters electronically for at least 7 years. The majority of Strata Management Statements already contain provisions for record keeping.

4. *Are there any other records that a BMC should be required to keep for 7 years?*

**Yes, SCA argues** that copies of all building plans, consents, certifications – e.g. for pools and lifts, fire management and evacuation plans, phone details for fire and lifts and other relevant contracts should also be kept for a 7-year period.

5. *If BMC's are not currently keeping these records, how long should they be needed to obtain?*

We believe that retrospective record keeping would be too difficult for older BMC's to manage and obtain the necessary information. In some instances, records will be unobtainable and not be of useful assistance to the BMC. **SCA strongly requests** that this requirement take effect for registered BMC's at the date this provision takes effect.

6. *If a maximum fee is prescribed for the inspection of records, what should it be?*

Although they have been recently reviewed, **SCA suggests** that rising costs do not reflect the resources required to conduct these searches. Inspection fees should mirror strata fees.

7. *Should information about the BMC kept under section 105C be available more easily, or for a nominal fee, instead of through the process set out in the management statement?*

**SCA points out** that information about the BMC, kept under section 105C, should be more easily available, and should mirror the process used in Strata. With appropriate consent, an owner of stratum or the Owners Corporation or a person authorised by the owner, should have available access to this information.

## Building Management Committee – Legal Status

8. *Do you have any concerns with the proposal not to adopt Recommendation 6?*

Unlike an Owners Corporation, a BMC does not have legal status as a body corporate. BMC members are authorised by the management statement to conduct functions relating to the building and shared facilities on behalf of owners.

**SCA supports the proposal not to adopt this recommendation.**

## Deemed Novation of building-related contracts

9. *Are there any BMC contracts not currently captured by the definition of 'building-related contracts that should be included in a contract register?*

We believe that the definition of 'building-related contracts' remains broad and all-encompassing. However, **SCA believes** that a contract register should include further details such as deeds, licenses, leases, agreements, arrangements, addenda, understandings, and memoranda.

10. *How long should a BMC reasonably need to collate copies of existing building related contracts to keep in a proposed register?*



**SCA suggests that 3-6 months** should be adequate as most contracts will exist on file.

- 11. *Are there any contracts or rights, obligations and liabilities that should be carved out of the deemed novation, or should this be left to the outgoing owner and incoming purchaser to negotiate?***

**SCA strongly recommends** that it remain a strict obligation of the vendor to ensure that the incoming purchaser accepts and signs full responsibility and liability for all contracts entered into by the BMC. This should be legislated to mandate that each and every contract is included in the settlement process.

- 12. *Do you have any concerns about the deemed novation process or how this may apply in the conveyancing process?***

We do not believe that novation should exist as a default mechanism. We argue that the notice process should be mandatory and there should be a positive obligation on the vendor to ensure the notice is provided on settlement.

Further, we suggest that the Strata s184 information notice process should be mirrored and include an additional provision for the novation. i.e., to require the incoming purchaser to read and sign those contracts being novated. Further, s184 should be mandatory for a stratum member, rather than optional, to ensure that the incoming purchaser is aware of all novated contracts.

## **Building Management Committee – Meeting and Voting**

- 13. *Do you have any concerns with the clarification of how Owners Corporations are represented or can vote at BMC meetings?***

**SCA is concerned** with the requirement for written directions of the Owners Corporation in relation to voting, as the representative may not necessarily have time to obtain these directions prior to a BMC meeting, noting the notice requirements for meetings under the SSMA and postage rules.

As the selection for a BMC representative is a special resolution and therefore a high threshold, we believe that the BMC representative should be empowered to make decisions on behalf of the Owners Corporation and left with the responsibility to obtain instructions where possible and reasonable. Therefore, written instructions should not be mandated.

Furthermore, SCA recommends that the person appointed as a representative not be restricted to being a strata committee member, as the potential exists for BMC's to be controlled by the original owner, leaving schemes vulnerable and susceptible to bloc control and a subsequent need to rely upon an independent expert for guidance.

We believe that the present process should be maintained – that the Owners Corporation should continue to appoint its representative by special resolution at a general meeting, without restriction from a narrow voting bloc. We request that the present definition for this representative remain “person,” rather than “a member of the strata committee.”

Additionally, we support the case, subject to the specific requirements of the Owners Corporation, for the appointment of two representatives – one from a strata committee and a second person. Critically, we believe that an Owners Corporation is best placed to maintain their knowledge, facts and who can best represent and safeguard their interests.

Please see examples set out at **Appendix A - Case Studies** which highlight schemes/owners critical need for professional representation at the BMC level.

The advantages of having at least one professional representative (one being a qualified strata managing agent for a constituent Owners Corporation) are:

#### **Common interests**

- A strata scheme’s rights and obligations as a Member of a BMC directly impact on the Owners Corporation and its collective owners in terms of shared facilities and the use, access to and costings thereof
- The strata managing agent for the Owners Corporation is best placed to promote the interests of the Owners Corporation and is familiar with all aspects of the day-to-day running of the Owners Corporation including regular contributions, special levies, its specific needs, issues arising with the BMC or other Members, the SMS and its provisions and will always understand this better than the average lot owner/member of the strata committee
- The strata managing agent for the Owners Corporation is already aware of the financial position of the Owners Corporation and can easily predict how proposed expenditure of the BMC will impact on the bottom-line of its Owners Corporation

#### **Streamlined reporting**

- The strata managing agent of the Owners Corporation, already, in most cases reports to the strata committee monthly and records the decisions made. Reporting BMC developments/decisions would also require similar reporting which the strata managing agent routinely does as the manager for the Owners Corporation.

- The strata managing agent can factually and reliably communicate with the Owners Corporations to ensure professional and consistent representation and minimise duplication of reporting or miscommunication.

### **Knowledge of Legal & Financial Frameworks**

- Strata managers are familiar with the legal framework of the Strata Schemes Management Act, 2015 (NSW) & regulations and the Strata Schemes Development Act, 2015 (NSW) and regulations
- Strata managers understand the structure and operation of BMCs and can interpret the strata management statement and how to address any inequities and how and when to seek legal advice/redress
- Strata managers can readily identify anomalies in accounting, costings, access, oppression of the minority, risk, and exposure of an Owners Corporation in a BMC context and whether SMSs are being complied with and determine whether quorums are constituted and decisions are compliantly made

#### **14. *Are there any other factors that should be considered in the default quorum provisions for BMC meetings?***

Adjourned BMC meeting times and dates can vary with some held with a minimum of 2 days, while others are held automatically at 7 days.

**SCA suggests** that meetings should be standardised in the default quorum provision to ensure that meetings are held at the same time and place, with an agreed number of business days inserted.

We also recommend that only financial members be permitted to constitute a quorum in these provisions.

### **Building Management Committee – Appointment of Agents**

#### **15. *Should there be any limitation on the BMC's powers to reappoint an agent?***

No, **SCA believes** that the BMC should continue to make its own decisions by majority resolution.

#### **16. *Do you have any concerns about the requirement for the BMC to ratify existing appointments within three years?***



**SCA prefers** that there is no requirement for any agreement to be ratified by the BMC, other than those already over the maximum 5-year term. While a maximum term is acceptable to us, we suggest that the term be amended to three years, to align with subsidiary owners corporation requirements under the strata legislation.

## Dispute Resolution – powers of the supreme court

17. *What other matters, if any, should the Supreme Court be required to consider in determining whether to approve the amendment of a management statement?*

SCA strongly believes that all disputes should be able to be directed to the Supreme Court or Tribunal. This should include examples such as a member causing damage to a shared facility, a dispute regarding shared facilities and the apportionment of costs, voting rights and meetings, a failure to pay contributions, breaches of architecture codes, unauthorised works, or a breach of the SMS.

18. *Should an applicant be required to serve notice of the application on any parties other than an owners corporation of a strata scheme within the building, or the other stratum lot owners?*

As the BMC is not a legal entity, **SCA suggests** that each member of the BMC be served written notice of any dispute. If a member of the BMC is a strata scheme, the owners corporation can serve each lot owner, if required.

## Other Matters

19. *Do you have any comments or concerns about the application of the provisions affecting strata management statements discussed in this paper to building management statements registered under the Conveyancing Act?*

**SCA supports** the proposed amendments under the Conveyancing Act 1919.

20. *Do you have any comments or concerns about the requirement for older management statements to be reviewed and amended under these transitional arrangements?*

**SCA agrees with** the transitional provision for older management statements to be reviewed and amended.

## MANAGEMENT ACT

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### Strata Committee Subcommittees

21. Do you have any concerns with only prescribing minimum requirements for subcommittees?

**SCA does not support** the prescription of minimum requirements for subcommittees as they do not have decision-making ability or voting powers. Prior to these recommendations, many Owners Corporations created subcommittees for specific projects or studies without prescription and therefore, such provisions are effectively redundant.

### Meetings

23. *Do you support the proposed prescribed timeframe for when a general meeting must be held under section 19 of the Management Act?*

SCA agrees that timeframes should be differentiated due to the number of owners, number of notices to be distributed and the requirement to book venues. However, we believe that the timeframes might be challenging as multiple factors need to be considered such as staff availability, committee member, experts and venue availability, as well as administrative logistics for the distribution of the meeting notice.

**SCA recommends** that the prescribed timeframes for large and other schemes be extended to 45 days and 35 days, respectively.

These extensions need to take into consideration that an AGM might be due and that any required motions should be included on the agenda, therefore avoiding the need for a separate general meeting and the additional costs involved.

Extended provisions account for increased notice periods for AGMs, and any required motions should be included on the notice for the AGM.

Further, we believe that Owners Corporations should be empowered to include motions which contain a qualified request for a general meeting at an upcoming AGM where an AGM is due within the statutory timeframes.

### Executing Documents

24. *What else (if anything) should be considered when signing and witnessing documents?*

**SCA believes** that a resolution should always be passed to authorise a person to sign a

document on behalf of an owners corporation without the use of the seal, rather than having a range of authorised persons. This is already a way in which an owners corporation can execute documents. The resolution authorising the signing on behalf of the owners corporation would be kept in the minutes of the meeting and would be kept for 7 years.

## Strata Managing Agent Terms of Appointment

### **26.     *Should the agent be required to give at least 1 months' notice to the owners corporation when exercising their option to extend the appointment?***

**SCA does not support** the requirement to give 1 months' notice of the expiry of the agreement because the Owners Corporation would already have been notified 3-6 months prior of the expiry of the agreement.

The automatic extension of 3 months after the expiry of the 3-year term should not be dependent on any further notices issued by the agent. Instead, it should automatically apply where the Owners Corporation has advised that the agent's agreement will not be reviewed and without the requirement for any further notices on the part of the agent.

Further, we have identified a potential drafting error with the Bill which requires further clarity and correction. We note that the mechanism under Section 50 to extend the strata managing agent's term of appointment seeks to be replace Sections 50(7) & (8) with amended Sections 50(7), (7A) & (8) which provide that the agent may extend the agent's term of appointment by a maximum of three months **beyond the 3 year period specified in Section 50 (1)**, provided that:

- (a) The agent has given written notice of that extension at least one month before the agent's term expires.
- (b) The owners corporation has not given the agent written notice, at least three months before the end of the agent's term, that the agent will not be reappointed.
- (c) The strata committee has not extended the agent's term of appointment under Section 50(4).

**SCA suggests** that the extension should be linked to the actual term of appointment, rather than a maximum term of 3-years as specified, given this may not have been initially granted.

## Fees and Bonds

### **27.     *What other principles or criteria (if any) should be included in the Bill to ensure owners corporations only charge fees or bonds where appropriate?***

**SCA recommends** that the likely risk of damage to the common property should be

extended to include items such as bonds for entertainment on the common property, moving in and out of the building, carrying out major renovations to the common property, preservation of the common property during major renovations, leaving refuse or unwanted items on the common property and the soiling of common property.

## Changes to common property

**28. *Are there any changes required to the cosmetic work definition in the Bill and/or types of work proposed in Appendix B?***

**SCA requests** that it be clarified in relation to “installing, replacing or removing a door or flap,” to allow the entry or exit of animals into or from a lot, except for front door entry and fire doors.

**29. *Are there any changes required to the minor work definition in the Bill and/or types of work proposed in Appendix B?***

SCA argues that the “Installing, replacing or removing an awning, shutter or pergola on the outside of a lot” should not be considered minor works because of the implications on the external appearance of the building, potential compromise the waterproofing of the building depending on penetrations, water drainage and the potential requirement for council consent. We suggest that these items be defined as major work.

With regards to wiring or cabling or power or access points, this should only be defined as minor work where wiring or cabling is unable to be run outside the cubic airspace of the lot or where additional or upgraded power is required.

**30. *Are there any changes to the types of work proposed in Appendix B for major work?***

**Yes, the replacement or renovation of a bathroom or laundry** if the work involves waterproofing. Following waterproofing, a provision should be made in case of service relocation, core or wall penetrations, fire safety implications.

In terms of work that detrimentally affects the safety of a lot or common property, a provision should be made for issues of safety or amenity of a lot or common property.

**SCA also supports the creation** of a category to include works which may cause a nuisance whether from noise or light pollution or otherwise.

## Window Safety Devices

31. *Should owners corporations be required to inspect all window safety devices on a regular basis? If so, what should the process be and how often should this occur?*

**SCA suggests** that if this requirement is to be introduced, a provision should also be made for annual certification simultaneously with fire certification to minimise costs, the number of required inspections and to overcome difficulties with gaining access, which already challenges many owners' corporations.

## Building Managers

32. *What concerns (if any) do you have with having a longer term of appointment for specified classes of building managers such as a building management and letting rights business? Please explain, including, where possible, quantified evidence of why longer terms of appointment are or are not justified*

**SCA supports this amendment but suggests** that introducing the same definition of "connected" parties and related parties to apply to building management be considered, to avoid building managers being connected to the original owner during the first 10 years of the development.

33. *How should the regulation describe a building management and letting rights business as a specified class of building manager?*

**SCA does not consider** that there should be different classes of building manager as we do not agree that outlays have increased and argue that the investment in a strata business set up is in fact greater, given the reliance on software and staff. Practice and procedure are far more extensive and expensive in strata management (as opposed to building management) such as training, licensing, continuing educational requirement for strata management, which does not apply to building management.

34. *What should the maximum term of appointment be for building management and letting rights businesses, if they are exempt from the standard building manager term of appointment?*

**SCA supports the amendment** of the terms of appointment for building managers in section 68(1) of the Management Act, so it uses the same approach as the term of appointment for strata managing agents in section 50. It is incongruous that the maximum term for a strata managing agent is three years, yet a building manager can be appointed for a 10-year term. We believe that this amendment ensures that the maximum term delivers fairness, clarity, and certainty.

## Payment of Damages

35. *What concerns (if any) do you have about removing section 104 from the Management Act?*

**SCA has no concerns** with the removal of section 104 from the Management Act.

36. *Should any of the penalties or penalty notice offences be changed?*

**SCA supports** the list of new and changed penalties as prescribed.



## OTHER MANAGEMENT ACT REFORMS

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### Financial Hardship and Debt Recovery

- 37. *In what other circumstances (if any) should an owners corporation not be able to take action to recover unpaid contributions?***

SCA notes the intent of The *Strata Schemes Legislation Amendment Act 2025* (the Amendment Act) to amend sections 85 and 86 of the Management Act to provide more support for owners in financial hardship who struggle to pay their levy contributions.

Specifically, section 85A of the Bill proposes to require owners corporations to send out a minimum of one reminder notice to an owner between 7 and 10 days of a contribution becoming overdue. The Amendment Act will increase the required notice period to 30 days before an Owners Corporations may take debt recovery action.

Section 86 of the Management Act also proposes to enable regulations that prevent an Owners Corporation from taking action to recover outstanding debt where an owner has requested a payment plan from the owners corporation and the owners corporation's has not notified the owner of the decision, and where an owners corporation has denied an owner's request for a payment plan and the owner has applied to the Tribunal as they believe the refusal is unreasonable.

We do not believe that there are any other circumstances that should prevent an owners corporation from seeking to take debt recovery action for unpaid contributions and we remain concerned that the amendments make it increasingly difficult for owners to recover unpaid contributions and expenses incurred in recovering unpaid contributions.

- 38. *Do you have any concerns about not allowing owners corporations to take debt recovery action if an owner has lodged an application in the Tribunal appealing the owners corporations' decision to refuse a payment plan?***

**SCA's concern** relates to the Owners Corporation's ability to meet its own financial obligations or where penalty clauses or third-party expenses are triggered by a future contribution.

### Embedded Electricity Network Agreements

- 39. *Does the definition of network operator capture all operators that would provide an electricity embedded network?***

SCA notes that the Bill defines a *network operator* in relation to an electricity supply agreement to be the supplier of electricity under the agreement. We support this definition.

**40.     *Should the amendment apply to more than only electricity embedded network providers?***

**SCA supports** the extension of this definition to include all embedded network providers.

## **Simplifying two-lot strata schemes' obligations**

**42.     *What concerns (if any) do you have with the exemptions for two-lot schemes or the process proposed?***

**SCA believes** that the lack of an AGM for a two-lot scheme potentially fails from a transparency perspective and could lead to health and safety concerns for residents. The holding of an AGM provides legitimacy and transparency about a schemes financial position and insurance placement, and their removal could lead to the lack of an opportunity for opinions to be aired, particularly for those who are unable to successfully navigate technology.

Further, we suggest that a strata committee is critical in case of an apathetic co-owner, so that the Owners Corporation can function and decisions can be made at a committee level, even if the one active owner/committee member solely makes the decision.

However, where a building is set-up with a minimum common property and shared boundaries, **SCA recommends** that two-lot strata schemes should be exempt or removed from strata legislation, given the level of administrative burden.

**43.     *Should one co-owner be able to approve a written resolution on behalf of other co-owners? If not, why?***

Yes, but **SCA recommends** that a co-owner should be able to approve a written resolution on behalf of the other co-owner, subject to the other co-owners' written consent.

**44.     *Are there any other parties that need to be considered in the written resolutions process?***

No other parties are required to be considered in the written resolutions process.

## Right to install Electric Vehicle (EV) Charging stations

**45. *What concerns (if any) do you have about the proposed approach for installing EV charging stations on an owner's lot?***

**SCA notes** the NSW Government's [Electric Vehicle Strategy](#) which aims to drive the uptake of Electric Vehicles so that they will represent 50% of new car sales by 2030-31. We acknowledge Action 32 of the [NSW Consumer Energy Strategy - Powering our people and communities](#), which committed the NSW Government to introducing a right for owners to install EV charging stations, so that owners corporations could not unreasonably refuse the installation of EV chargers in strata schemes. Section 132D of the Bill provides that an owner of a lot may install an EV charging station in their own lot.

SCA supports these NSW Government initiatives, however, we are concerned that the proposed approach may potentially impact a building's electrical infrastructure which may necessitate the upgrading of the common property supply and additional costs to the Owners Corporation where power points are connected to the owners corporation supply.

**SCA suggests** that the proposed installation point needs to be approved, as the connection could result in the vehicle protruding from line-markings, interfering with functioning of fire-safety. In other instances, cabling may need to be installed from a car space to the MDF common property with the potential for further WH&S issues.

**46. *Will these provisions remove barriers to EV charging for strata owners?***

We believe our suggestion regarding the approval of an installation point will assist in removing barriers to EV charging for strata owners.

**47. *What concerns (if any) do you have with the owner being able to progress with installation if they have not received a response from the strata committee in 90 days?***

**48. *Is three months enough time for the strata committee to respond to an owners' installation notice?***

**SCA believes** that 90 days is insufficient time to conduct an energy and infrastructure report, engage experts, conduct feasibility studies, potentially upgrade the common property, and consider and approve all requirements. We suggest that 6 months would be an ideal timeframe to ensure adequate due diligence and consideration of these matters.

## Strata Hub Fund

**49. *Do you have any concerns about establishing a special deposit account to enable future development and maintenance of the Strata Hub?***

SCA has no concerns about the establishment of a special deposit account to enable future development and maintenance of Strata Hub, so long as an annual report is provided to Owners Corporations that transparently details how funds have been expended and applied.

## Other Improvements to promote consumer outcomes

### *50. Do you have any concerns with the proposed changes?*

The Bill proposes to make other changes to promote consumer outcomes such as allowing the Secretary to prescribe a form that disclosures are to be reported in at the Annual General Meeting (AGM) under section 60.

SCA believes that many strata managing agents have invested huge financial, legal, and staffing resources to create updated compliant templates and training in relation to implementation. If a standard prescribed form is to be issued, please see the attached example forms in **Appendix B** and **C**.

### *51. Is 14 days enough time for a real estate agent or landlord to notify the owners corporation that a tenant has vacated a rental property?*

**SCA believes** that 14 days is enough time to notify the owners corporation that a tenant has vacated a rental property.

## Auditing of accounts and financial statements

SCA notes [Section 95 of the Strata Schemes Management Act](#) that requires the auditing of accounts and financial statements of the owners corporation to be audited before presentation at an Annual General Meeting. Often accounts and financial statements are overseen by an accountant, who is not an auditor, nor are they registered with the Australian Securities & Investment Commission (ASIC).

**SCA requests** that audits must be carried out by those who are registered with ASIC as company auditors.

## Obtaining Insurance Quotes

SCA notes [Section 166 of the Strata Schemes Management Act](#) which requires a Strata Managing Agent to provide the Owner's Corporation with not **less** than three quotes from different providers for each type of insurance proposed by the agent.

SCA suggests that the wording in Section 166 be amended from less to fewer for grammatical purposes.

Further, we contend that all owners corporations should have the same obligation as those that engage strata managing agents and that Fair Trading consider a review of this policy to gauge its impact on strata insurance premiums amongst other considerations such as if it is still appropriate for schemes with 40 lots or fewer.

**For further information about this consultation, please contact Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. [Andrew.Jefferies@strata.community](mailto:Andrew.Jefferies@strata.community)**

## APPENDIX A – CASE STUDIES

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### Case Study #1

#### Introduction

Located in Mortlake a BMC is comprised of 2 Members, both **residential**, **Lot 1** x 7 townhouses, **Lot 2** x 2 freestanding houses, sharing carparking and other facilities

A licensed managing agent managed the BMC. Lot 1 appointed a different managing agent as a representative to act on its behalf on the BMC together with a Member of the Strata Committee i.e., 2 representatives were appointed - a Representative and Substitute Representative. There was always one professional representative and a stakeholder representative.

#### Issues arising

Lot 1 thought it is prudent to invest in a professional representative for the following reasons:

- Accounting anomalies (annual reconciliation not being carried out, invoicing and quotes not being obtained pursuant to percentage allocations set out in the SMS, expenses not allocated in accordance with the percentage splits), discrepancies in the interpretation of SMS, difficulties and lack of expertise in identifying shared facilities (Members paying for unrelated expenses i.e. repairs invoiced to the incorrect entity therefore payments being paid from the incorrect trust fund), BMC failure to implement the capital works fund, issuance of incorrect Section 184 Certificates including by omitting reference to the existence of the BMC.
- The BMC obtained insurance but resulted in under-insurance because the BMC manager did not understand a BMC and arranged a valuation on behalf of the BMC which only allowed for Lot 1 valuation but omitted Lot 2, as the manager failed to understand that Lot 2 (being freestanding) formed part of the BMC (despite the BMC being responsible to insure both Members). This resulted in insurance being inadequate to insure both Lots (Members). Additionally, the BMC manager recommended that the 2 freestanding houses obtain their own insurance and that Lot 1 also obtain its own insurance to save on costs not being aware of the fact that the assets are inextricably linked and structurally connected and that the BMC's ultimate responsibility is to obtain and effect proper insurances for all constituent Members
- The capital works fund for the BMC was also inadequate, as it failed to account for all shared facilities. The BMC manager did not understand what were and were not



shared facilities and wrongly assumed that some shared facilities were only used by one of the members, which resulted in under-budgeting and no CWF being prepared for shared areas. Instead, a CWF was prepared for Lot 1 and erroneously included shared and non-shared items for the account of Lot 1 thereby causing an inflated forecast for Lot 1 to be adopted.

### **Results upon professional representation being appointed**

Having a professional strata manager appointed as the BMC representative on behalf of Lot 1 (in addition to that of the Member of the Strata Committee), ensured that the strata manager:

- was able to identify the discrepancies set out above
- was positioned to clarify to the BMC manager which assets were shared facilities and how they should be contributed to under the SMS
- edified the strata committee and thereby the Owners Corporation as to its rights and responsibilities under the SMS
- guided the Owners Corporation as to the anomalies and informed them as to proper operation of the BMC to enable clear and informed decisions as a Member of the BMC
- held the BMC manager accountable for misspending of BMC funds and successfully negotiated for the BMC manager to pay out of its own pocket for an updated CWF forecast and the regularising contributions for both the Owners Corporation and contributions to the BMC, an updated valuation so that insurances could be adjusted appropriately and did not leave any Member under-insured, a new audit report (as the previous audit was too deficient)
- successfully pressed for a revised audit for the last 3 financial periods and the carrying out of the required reconciliation under the SMS resulting in Lot 1 being credited some \$50K due to its overpayments over that 3-year period due to the lack of expertise of the BMC manager and wrong charges over that period
- was instrumental in stabilising the financial position of the BMC and payments being allocated to the correct entities in the proper proportions

### **Conclusion**

- Each of the Members of the BMC, the BMC manager and the strata committee gained a better understanding of the BMC set up and their respective roles and responsibilities and the provisions under the SMS. This professional leadership

demystified the roles of the BMC and its Members, the operation of the SMS and the proper management and costings of the shared facilities.

- Lot 1 has now been professionally represented for 2 years (although the strata manager remains the agent for Lot 1 and has been for the last 5 years) which enabled that strata manager to regularise the operation of the BMC in that time. While expenditure for professional representation incurred additional costs for Lot 1, it was critical to highlight that assets were not being properly insured, funds were not being properly applied and responsibilities were being misunderstood, resulting in costs savings and better management of assets overall
- In this case, the Owners Corporation dispensed with professional representation once they were confident that errors and inconsistencies had been rectified and that the BMC affairs and day-to-day management were in order
- Without professional representation, these anomalies could have continued and compounded indefinitely, and the detriment could have been significantly more drastic exposing Members to increased financial losses, risks i.e., under insurance and anomalies

## Case Study #2

### Introduction

A BMC located in Sydney Olympic Park has 4 BMC Members:

- Residential Owners Corporation consisting of 401 residential lots
- Retail consisting of 2 lots
- Childcare Centre comprised of 1 lot
- Bio-Retention facility being 1 lot

3 Members are controlled by the Original Owner (save for the residential component) Lot 1 large residential scheme contributed the most i.e., 97% v 3% shared with the other 3 lots and yet were continuously outvoted by the majority despite being the largest contributor to shared facilities costs

### Issues arising

There was a major defect claim known to the media. Some defects lay within the shared facilities. The appointed building manager was a related entity to one of the original owners/developers. Further, the Original Owner appointed the BMC manager. The residential component had concerns that their interests were not being properly

represented on the BMC and that they were being overcharged, matters were dismissed, and their voice was unheard, however, they did not have the voting power or support to change the BMC manager

Because the residential tower was paying the highest proportion of contributions, due diligence was not being conducted and proper and competitive quotations weren't being sourced as there were no financial incentive for the other 4 Members (largely controlled by the Original Owner and minor contributors to shared facilities) to do so as the financial impact on those 4 Members was negligible i.e. of the balance of 3% remaining, 3 members shared such 3% - all to the detriment of the residential component

Other issues included the BMC's failure to implement preventative maintenance and maintain a register of defects in the shared areas/facilities and some repairs charged to BMC (almost wholly funded by Residential) which should have been paid for solely by retail and not residential.

Queries raised by the Residential Representative would be routinely dismissed or disregarded

Further, the same building manager was acting for BMC and Residential. The same strata managing agent (before the professional representative was appointed) representing both the BMC and Residential.

The SMS prevented 2 representatives being present at any one time which left one vulnerable member of the strata committee to attend the meetings on their own, however, this obstacle was overcome by the professional representative having found a loophole in SMS (under proxies provisions) that did not prevent the proxy (who was the chairman of the Strata Committee) attending with the Owners Corporation's representative which enabled the professional representative who was appointed as BMC sub representative to be in attendance.

### **Results upon professional representation being appointed**

As a result of the professional representative having been appointed and finding a solution to having the professional representative present in addition to the Owners Corporation's proxy nominee (The Chairman), the professional representative played a pivotal role in:

- identifying incorrect charges
- ensuring proper preparation and review of budgets (because the residential owners corporation was paying 97%), reversal of incorrect charges, general financial overview and accountability and the requirement for monthly financial reporting and

the obligation for the BMC to obtain multiple quotes for all works

- proper management of defects ensuring the inclusion of the residential defects claim together with increased fairness and transparency,
- rectifying anomalies in the identification shared facilities
- including all shared facilities defects which have all now been rectified
- all preventative maintenance being implemented
- exposing the deficiencies of the current BMC manager which resulted in the appointment of an alternative service provider which was a unanimous decision (whereas initially, before the appointment of professional representation, the Owners Corporation was always outvoted)
- empowering and giving a voice through proper representation to Lot 1, as the majority was no longer able to oppress the minority due to the professionalism and expertise of the professional representative.

## Conclusion

Many of the strata committee members were unfamiliar with BMC set-ups and attendant rights and responsibilities, and the costings of each Member. When they raised questions, they were either dismissed or provided with misinformation as they did not have the requisite expertise to challenge or investigate matter further

Many facilities were in fact shared but omitted from the shared facilities schedule and costings for facilities for some were wrongly allocated as the sole responsibility of the one the residential scheme despite being shared facilities.

The professional representative tenacity and knowledge successfully exposed the deficiencies, poor performance, inadequacies and in some cases, incompetence of the BMC manager which resulted in the appointment of an alternative service provider which was a unanimous decision (whereas initially, before the appointment of professional representation, the Owners Corporation was always outvoted). As a result of the professional's tenacity the professional exposed deficiencies, poor performance, and in some cases incompetence of both the BMC manager and the building manager.

The professional representative has been appointed since 2019 (6 years) and remains in that role).

Notably, professional representation has resulted in increased productivity and harmony in BMC meetings because of increased communication, accountability and professionalism. There has been a reduction in politics, confusion and hostility because other Members were mindful of the residential tower's professional representation and that it had the knowledge and skillset to properly protect the residential tower's interest and highlight any wrong doing.

## **Case Study #3**

### **Introduction**

- Located in St Leonards this BMC has 3 members
- Residential having 245 lots pays 98% of the allocations with 2% being shared between the other 2 lots
- Serviced apartments
- Retail component

The residential Member has professional representation, being their current Strata Manager. 2 of the 3 lots were controlled by the original owner, and the BMC manager previously managed the residential scheme. The original owner, being a large developer, appointed its in-house counsel as representative for serviced and retail on the BMC

### **Issues arising**

Lot 1 felt unsupported, intimidated and formed the view that the shared facilities were not being managed properly

The building manager was also controlled by and related to the original owner. When residents elected to appoint an alternative building manager for their residential tower, the BMC refused the newly appointed building manager's access to the shared facilities building manager's office (i.e., again, the developer had majority vote on the BMC).

Defects were not being rectified both in shared facilities and within the lots including fire being a critical component of the safety of the building as a whole. Rather than being referred to the builder/original owner for rectification, defects were paid for out of the trust fund of residential (while managed by the previous BMC manager) or from the BMC trust fund to which residential contributes 92% noting again the builder/original owner controlled this BMC and only needed to contribute 8% over their 2 lots

The residential component needed fairer representation and to engage professional assistance to represent their interests

### **Results upon professional representation being appointed**

A building defect claim was successfully negotiated - the overall building defects claim was approx. \$1.5 million, and approximately \$750K related to shared areas, namely, fire defects and car park water leaks.

Reconciliations were conducted to claim reimbursements on behalf of residential for all defect expenses wrongly allocated to and paid for by residential.

BMC manager was held to account and now provides regular reporting to the BMC on a monthly basis and was forced to conduct annual reconciliation to assist with debit and credit allocations to each lot as required under the SMS.

These results required a high degree of expertise in BMCs, research, analysis, interpretation of the SMS, an in-depth review of key documents such as deposited plans and title searches which a lay person would find difficult to source and understand.

Disparity of knowledge between the expertise of the original owner's lawyer representative and residential's lay person strata committee representative was addressed by appointing a professional representative (i.e., duly licensed managing agent with expertise in the operation and management and proper functioning of a BMC).

### **Conclusion**

Without the expertise of the professional representative of the residential component, all defects affecting residential and shared facilities would not have been included and lack of transparency with financials would have continued unchecked.

Professional representation has increased productivity and harmony in BMC meetings because of increased knowledge, communication, accountability and professionalism.

## **Case Study #4**

### **Introduction**

- Located in Haymarket, this BMC has 5 members



- 3 residential towers - one has 363 residential lots and has a majority vote under the SMS; the 2<sup>nd</sup> has 83 lots and the 3<sup>rd</sup> approx. 170 lots
- Large Retail components x 2 stratum lots of retail further subdivided into multiple shops

### **Issues arising**

Poor BMC management resulted in a failure to annually reconcile accounts for debits/credits, a large (\$800K) surplus accumulated, there was no trade's register, repair & maintenance was lacking for some 500 lots with a large retail precinct located in prime Sydney waterfront with large public thoroughfare throughout the development

The BMC lacked processes and procedure, and its manager did not exhibit leadership qualities or BMC knowledge

Again, the residential component was dissatisfied with the management of building defects and considered that costing allocations were unfair but did not have the expertise to identify or communicate same to the BMC manager.

Further, one of the representatives for another residential scheme who was appointed was also the real estate letting agent facilitating Airbnb across all 3 residential lots. This representative was resistant to increased security, charges, application forms for moving, restrictions on occupants effectively blocking increased controls at the BMC level for the better management of the BMC, for her own commercial interests.

### **Results upon professional representation being appointed**

As a result of the appointment of a professional Representative i.e. the strata manager for the largest residential scheme within the BMC, the Representative was able to give guidance to the BMC as a whole, experts were engaged to address the building defects which included fire safety as the AFSS was outstanding on takeover when the Representative was appointed

Further results include:

- The SMS was unified with the Members' by-laws to ensure consistency
- Appointment of auditors and refunds in credit of surplus funds together with unanimous agreement to offset the surplus funds against future levies
- Budgets were reduced

- Processes and procedures were implemented for improvement of operations and accounting e.g., invoice approvals, moving-in-and-out, housekeeping management and enforcement, amendments to the SMS to document better procedures for notice, meeting and minutes transparency
- Replacement of the building manager and BMC manager resulting in improved management for the benefit of the BMC as a whole
- Replacement of the other residential's representative having exposed the commercial interest of the Airbnb facilitator, which, in turn, united all other residential lots within the BMC to appoint a replacement BMC representative with a professional representative i.e. their strata manager, as they saw the benefit that the professional representative brought to the BMC and for their member

## **Conclusion**

A professional representative has now been appointed for the last 5 years. Other Members seeing the benefit of and having witnessed the far-reaching gains achieved by professional representation have also appointed their appointed SMA as their Representative together with their strata committee representative

With the recognition of skills of professional representation, new-found harmony, education, and co-operation between Members has evolved

All members, including all 3 residential lots, are now all united in harmony and co-operation.

## **Case Study #5**

### **Introduction**

- Located in St Leonards this BMC has 3 Members
- Residential has 383 residential lots paying for 97% with the balance of 3% being shared between the other 2 lots
- Commercial x 2

### **Issues arising**

The commercial lots are owned by the original owner and the representative for those commercial lots is, again, the lawyer for the commercial owner. The majority owned by the original owner were oppressing the minority residential which was paying 97% of the costs.

The residential component was managed by the same manager as the BMC until residential sought the appointment of professional representation.

Shared facilities defects were not being paid for through the BMC but directly by residential at the instruction of the BMC manager. Further, such repairs were in fact defect related and should have been referred to the original owner for rectification.

The Members were dissatisfied with the BMC agent's services and agreed to go out to tender. In the meantime, Residential lodged a defects claim against the original owner. When the meeting was held to appoint alternative BMC management, the original owner representing the commercial lots, used their votes to retain the existing BMC manager in a bid to control the management of the defects claim.

## **Results**

The professional representative has been in that role for 2 years. In that 2-year period, a building defects claim against the original owner was lodged, the first conclave was held, and the BMC is in the process of obtaining fee proposals for fairer costing allocations by way of amendments to the SMS and the matter is ongoing.

## **Conclusion**

With the appointment and persistence of the professional representative, stronger results have been achieved in the last 2 years than since the completion of the complex. The professional representation for residential is ongoing but ensuring that all decisions of the BMC are pursuant to the provisions of the SMS and legislation.

## APPENDIX B – DISCLOSURE FOR - AGM

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### Disclosure for AGM

Disclosure Report | Insurance and Training Services

(Section 60(1) Disclosure Report to Accompany This Motion)

**THAT** The Owners – Strata Plan No <<Insert plan number>> **RESOLVE** to table, consider and accept the disclosure report from the strata managing agent required to be disclosed pursuant to section 60 of the Strata Schemes Management Act 2015 (NSW), as set out beneath this motion, as to whether, and what commissions or training services have been provided to or paid for the agent (other than the owners corporation) in connection with the exercise by the agent of functions for the scheme during the preceding twelve (12) months as well as whether a supplier of goods and services for the strata scheme has become connected with the strata managing agent, or the original owner of the strata scheme has become connected with the strata managing agent and particulars of any such commission or training services and estimates of any such commissions or training services that the agent believes are likely to be provided to or paid for the agent in the following twelve (12) months.

***Explanatory Note:** This report referred to in this motion is required to be furnished by the strata managing agent at each annual general meeting. The strata managing agent may receive commissions and/or training services in connection with the exercise of the agent's function for the scheme. It is a requirement under section 60 of the Strata Schemes Management Act 2015 (NSW) that the agent provide a report on the details and amounts of the commissions received for the preceding 12 months and anticipated details and amount of commissions and training services for the following 12 months and Schedule 1, Clause 9(g) of the SSMA requires a form of motion to be included in the notice of annual general meeting to consider the report by the agent as to same.*

#### Disclosure Report

This report has been furnished to satisfy the following disclosure requirements imposed on strata managing agents under section 60(1) of the Strata Schemes Management Act 2015 (NSW) (SSMA):

60 Disclosure by strata managing agents

(1) A strata managing agent for a strata scheme must report the following at the annual general meeting of the owners corporation for the scheme—

(a) whether any commissions or training services have been provided to or paid for by the agent (other than by the owners corporation) in connection with the exercise by the agent of functions for the scheme during the preceding 12 months and particulars of any such commissions or training services,

(b) any such commissions or training services and the estimated amount or value of any such commissions or training services that the agent believes are likely to be provided to or paid for the agent in the following 12 months,

(c) whether, during the preceding 12 months—

- (i) a supplier of goods or services for the strata scheme has become connected with the agent, or
- (ii) an original owner of the strata scheme has become connected with the agent,
- (d) the following information—
  - (i) the suppliers of goods or services for the strata scheme who are connected with the agent,
  - (ii) the original owners of the strata scheme who are connected with the agent,
  - (iii) for subparagraphs (i) and (ii)—details about the nature of the relationship between the agent and the supplier or original owner,
  - (iv) for subparagraph (i)—details about the goods and services provided by the supplier.

Maximum penalty—

- (a) for a corporation—500 penalty units, or
- (b) otherwise—100 penalty units.

Note.

It will be an offence for an agent to receive commissions or training services that are not of a kind permitted by the agent's terms of appointment or approved by the owners corporation (see section 57).

training service means a training course or service (including attendance at industry events such as conferences).

commission includes an insurance broker fee.

#### **<<Insert Insurance Provider>> disclosure**

<<Insert Insurance Provider>> , a provider of insurance brokerage services, and << Insert Strata Management Agent >> , a provider of strata managing services, are party to a joint venture.

<<Insert Insurance Provider>> and << Insert Strata Management Agent >> each have 50% shareholding in <<Insert Insurance Provider>> , which is a company that provides insurance brokerage services.

In this strata scheme, << Insert Strata Management Agent >> has been using and reasonably believes that it will continue to use the services of <<Insert Insurance Provider>>. Each time the owners corporation enters into a new insurance policy with an insurance provider sourced by <<Insert Insurance Provider>>, << Insert Strata Management Agent >> will

receive a commission (including renewing insurance policies with existing providers sourced by <<Insert Insurance Provider>>. Depending on the policy, << Insert Strata Management Agent >> will receive commissions from <<Insert Insurance Provider>>. The relevant provider will be disclosed in the table(s) below.

Therefore, <<Insert Insurance Provider>> are connected persons to << Insert Strata Management Agent >> pursuant to regulation 62 of the Strata Schemes Management Regulation 2016 (NSW).

The details of commissions that << Insert Strata Management Agent >> received from <<Insert Insurance Provider>> over the past 12 months, together with the commissions that << Insert Strata Management Agent >> believes are likely to be provided over the following 12 months are provided below.

#### <<Insert Building Management>> disclosure

<<Insert Building Management>> a provider of building management services, is a connected person to << Insert Strata Management Agent >> pursuant to regulation 62 of the Strata Schemes Management Regulation 2016 (NSW). The office holders of << Insert Strata Management Agent >> benefit financially from the revenue generated by <<Insert Building Management>>.

Whilst << Insert Strata Management Agent >> does not receive any commissions when engaging <<Insert Building Management>> on a strata scheme managed by << Insert Strata Management Agent >>, the revenue generated by <<Insert Building Management>> benefits the shareholders of << Insert Strata Management Agent >>, as those shareholders have financial interests in <<Insert Building Management>>.

<< Insert Strata Management Agent >> policy is to remain independent of any tender process facilitate by the owners corporation, where that tender process involves <<Insert Building Management>>. If the owners corporation requests that <<Insert Building Management>> tender for the position of building manager/facility manager, << Insert Strata Management Agent >> will remove itself from the tender management process, and will ensure that a third-party consultant is engaged to manage the tender process.

Although your strata scheme might not presently have <<Insert Building Management>> engaged, << Insert Strata Management Agent >> considers that disclosure should be made in any event for the sake of transparency.

#### Section 60(1)(a) of the SSMA | Preceding 12 months

<< Insert Strata Management Agent >> must disclose any commissions or training services that have been provided to or paid to << Insert Strata Management Agent >> in connection with its role as managing agent **during the preceding 12 months** and any particulars of any such commissions or training services.



<< Insert Strata Management Agent >> has received a number of training services in the past 12 months. The providers of those training services were not, in the vast majority of cases, providers that are engaged on this strata scheme, and we note that the training services provided were not specifically for this scheme. That said, the training services we received generally helped educate our staff on matters that are implementable across all of the strata schemes under our management. On that basis, we have annexed a schedule detailing all of the persons who provided training services to << Insert Strata Management Agent >> in the last 12-months and particulars of those training services. A copy of this schedule can be found annexed to this Reporting Disclosure.

Regarding the specific providers of commission(s) and/or training services directly related to this strata scheme, << Insert Strata Management Agent >> discloses as follows:

- <<Insert Insurance Provider>>

Disclosure	Particulars
Commission	
The provider who paid the commission	<<Insert Insurance Provider>>
The actual amount of commission received over the preceding 12-month period	<p>Under the SSMA, a <i>commission</i> includes an insurance broker fee.</p> <p>&lt;&lt; Insert Strata Management Agent &gt;&gt; received [insert \$] in total <i>commission</i>.</p> <p>The total <i>commission</i> received by &lt;&lt; Insert Strata Management Agent &gt;&gt; comprises two payments:</p> <ol style="list-style-type: none"> <li>1. [insert percentage] of the broker's commission, being \$[insert amount]; and</li> <li>2. [insert percentage] of the broker's fee, being \$[insert amount].</li> </ol> <p>On [insert date], &lt;&lt; Insert Strata Management Agent &gt;&gt; issued a [section 60(2A) notice and/or a section 60(2) notice] in respect of the commissions received</p>
Training services	
The provider who provided the training services	<i>NA, no training services were provided specific to this strata scheme</i>
The actual extent of the training services received over the preceding 12-month period	<i>NA, no training services were provided specific to this strata scheme"</i>
The actual benefit of the training services received over the preceding 12-month period	<i>NA, no training services were provided specific to this strata scheme</i>

## Section 60(1)(b) of the SSMA | Following 12 months

<< Insert Strata Management Agent >> must disclose the estimated value of commissions or training services that << Insert Strata Management Agent >> reasonably believes are likely to be provided to or paid to << Insert Strata Management Agent >> in connection with its role as managing agent in the following 12 months.

- [insert provider of commission/training service and fill out the below table. If << Insert Strata Management Agent >> is disclosing multiple providers of training services/commission providers, then duplicate the below table for each provider the subject of disclosure]

Disclosure	Estimate
Commission	
The provider who will likely pay the commission	<<Insert Insurance Provider>>
The estimated amount of commission likely to be provided over the following 12 months	<p>The actual or anticipated amount of the broker's commission and the broker's fee is presently unknown.</p> <p>In our experience, the broker's commission and broker's fee and the broker's commission is ordinarily dependent on the value of the insurance policy obtained.</p> <p>It is unknown what the value of the insurance policy will be at the time this strata scheme is due for renewal, however, &lt;&lt; Insert Strata Management Agent &gt;&gt; estimates that it will receive up to 65% of the broker's commission PLUS up to 65% of the broker fee, in accordance with the terms of the strata management agency agreement.</p> <p>On the information available to &lt;&lt; Insert Strata Management Agent &gt;&gt; at this time, &lt;&lt; Insert Strata Management Agent &gt;&gt; estimates that it will receive \$[insert dollar figure] in commissions. This estimate is given solely for the purposes of providing an estimate of what the strata scheme can expect, assuming that there are no substantive changes to the scheme over the next 12 months, including (by no way of exhaustion), the discovery of building defects, damage to common property, litigation, fire control orders or other</p>

	development control orders, or a significant variance in the building's valuation.
Training services	
The provider who will likely provide the training services	<i>NA, as no training services have been scheduled specific to this strata scheme</i>
The estimated value of the training services to be provided over the following 12 months	<i>NA, as no training services have been scheduled specific to this strata scheme</i>

#### Section 60(1)(c) of the SSMA | Preceding 12 months – connected persons

<< Insert Strata Management Agent >> must disclose whether a supplier of goods or services or an original owner has become connected within the previous 12 months. If a supplier of goods or services or an original owner has become connected within the previous 12 months, then pursuant to section 60(1)(c), << Insert Strata Management Agent >> must provide the following information.

Although << Insert Strata Management Agent >> become connected to <<Insert Insurance Provider>> more than 12 months ago, it provides the following disclosures.

- <<Insert Insurance Provider>>

Disclosure	Particulars
Supplier of goods or services	
The suppliers of goods or services for the strata scheme who are connected with << Insert Strata Management Agent >> – section 60(d)(i)	<<Insert Insurance Provider>>
The suppliers of goods or services for the strata scheme who are connected with << Insert Strata Management Agent >> – section 60(d)(i)	<<Insert Insurance Provider>>
The suppliers of goods or services for the strata scheme who are connected with << Insert Strata Management Agent >> – section 60(d)(i)	<i>[insert other supplier(s) of goods or services for the strata scheme who have become connected with &lt;&lt; Insert Strata Management Agent &gt;&gt; in the previous 12 months. If not applicable, delete this row]</i>
Original owners	

The original owners of the strata scheme who are connected with the agent – section 60(d)(ii)	<i>[insert original owner(s) if applicable]</i>
Details about the nature of the relationship between << Insert Strata Management Agent >> and the original owners – section 60(d)(iii)	<i>[insert in relation to the original owner(s) above]</i>

#### Section 60(1)(d) of the SSMA –

<< Insert Strata Management Agent >> must report the following information at the annual general meeting of the owners corporation for the scheme.

- <<Insert Insurance Provider>>
- <<Insert Building Management>>

Disclosure	Particulars
Supplier of goods or services	
The provider of the goods and services for the strata scheme who are connected with << Insert Strata Management Agent >> – section 60(d)(i)	<<Insert Insurance Provider>>
Details about the nature of the relationship between << Insert Strata Management Agent >> and the supplier(s) – section 60(d)(iii)	<p>&lt;&lt;Insert Insurance Provider&gt;&gt; (a provider of insurance brokerage services) and &lt;&lt; Insert Strata Management Agent &gt;&gt; (a provider of strata management services) are party to a joint venture (JV).</p> <p>Under the JV, &lt;&lt;Insert Insurance Provider&gt;&gt; and &lt;&lt; Insert Strata Management Agent &gt;&gt; each have 50% shareholding in &lt;&lt;Insert Insurance Provider&gt;&gt;, which is a company that provides insurance brokerage services principally to strata schemes.</p> <p>Each time the owners corporation enters into a new insurance policy with an insurance provider sourced by &lt;&lt;Insert Insurance Provider&gt;&gt;, &lt;&lt; Insert Strata Management Agent &gt;&gt; will receive a commission. This includes every time that the owners corporation renews with an existing insurance provider sourced by &lt;&lt;Insert Insurance Provider&gt;&gt;. Depending on the policy, &lt;&lt; Insert Strata Management Agent &gt;&gt; will receive commissions from &lt;&lt;Insert Insurance Provider&gt;&gt;.</p>

	<p>&lt;&lt;Insert Insurance Provider&gt;&gt; are a connected person to &lt;&lt; Insert Strata Management Agent &gt;&gt; pursuant to regulation 62 of the Strata Schemes Management Regulation 2016 (NSW).</p>
<p>Details about the goods and services provided by the supplier, including the amount and value of the goods and services provided – section 60(d)(iv)</p>	<p>Details about the goods and services is provided above, however, we note that the amount and value of the insurance policies vary each time the strata scheme is due for renewal and depends on various factors that turn entirely on the facts relevant to the subject strata scheme.</p>
<p>The provider of the goods and services for the strata scheme who are connected with &lt;&lt; Insert Strata Management Agent &gt;&gt; – section 60(d)(i)</p>	<p>&lt;&lt;Insert Building Management&gt;&gt;</p>
<p>Details about the nature of the relationship between &lt;&lt; Insert Strata Management Agent &gt;&gt; and the supplier(s) – section 60(d)(iii)</p>	<p>&lt;&lt;Insert Building Management&gt;&gt; (a provider of building management services) and &lt;&lt; Insert Strata Management Agent &gt;&gt; (a provider of strata management services) are related entities. &lt;&lt;Insert Building Management&gt;&gt; is a connected person to &lt;&lt; Insert Strata Management Agent &gt;&gt; pursuant to regulation 62 of the Strata Schemes Management Regulation 2016 (NSW).</p> <p>&lt;&lt; Insert Strata Management Agent &gt;&gt; does not receive commissions, rebates or discounts in relation to &lt;&lt;Insert Building Management&gt;&gt; engagement, however, the revenue generated by &lt;&lt;Insert Building Management&gt;&gt; benefits the shareholders of &lt;&lt; Insert Strata Management Agent &gt;&gt;, as those shareholders have financial interests in &lt;&lt;Insert Building Management&gt;&gt;. In all other respects, the services carried out by &lt;&lt;Insert Building Management&gt;&gt; are independent of the services carried out by &lt;&lt; Insert Strata Management Agent &gt;&gt;.</p> <p>&lt;&lt; Insert Strata Management Agent &gt;&gt; policy is to remain independent of any tender process facilitate by the owners corporation, where that tender process involves &lt;&lt;Insert Building Management&gt;&gt;. If the owners corporation requests that &lt;&lt;Insert Building Management&gt;&gt; tender for the position of building manager/facility manager, &lt;&lt; Insert Strata Management Agent &gt;&gt; will remove itself from the tender management process and will ensure that a third-party consultant is engaged to manage the tender process.</p>

Details about the goods and services provided by the supplier, including the amount and value of the goods and services provided – section 60(d)(iv)	Details about the goods and services is provided above, however, we note that the amount and value of the services provided by <<Insert Building Management>> vary depending on various factors that turn entirely on the facts relevant to the subject strata scheme.
Original owners	
The original owners of the strata scheme who are connected with the agent – section 60(d)(ii)	[insert original owner(s)]
Details about the nature of the relationship between << Insert Strata Management Agent >> and the original owners – section 60(d)(iii)	[insert in relation to original owner(s) cited above]

## APPENDIX C – INSURANCE DISCLOSURE

### SCM Insurance Disclosure –

#### Written Notice Section 60(2A) Strata Schemes Management Act 2015

**THAT** The Strata Committee of The Owners – Strata Plan No. <<Insert plan number>> (the “Owners Corporation”) **RESOLVE** to table, consider and accept the information set out beneath this motion in full satisfaction of << Insert Strata Management Agent >> obligation to provide written notice pursuant to section 60(2A) of the *Strata Schemes management Act 2015* (NSW).

Pursuant to section 60(2A) of the *Strata Schemes Management Act 2015* (NSW) (SSMA), << Insert Strata Management Agent >> must give written notice to the owners corporation before entering into a contract for the purchase of goods or services if either or both of the following apply –

- (a) under the contract, a commission or training service of the kind referred to in section 57(3)(b) or (c) may be provided to or paid for the agent,
- (b) the contract is with a person connected with the agent.

The owners corporation has been presented with quotations sourced from <<Insert Insurance Provider>>. <<Insert Insurance Provider>> is a connected person to << Insert Strata Management Agent >> pursuant to regulation 62 of the *Strata Schemes Management Regulation 2016* (NSW), and also stands to receive a commission under any of the contracts of insurance sourced by <<Insert Insurance Provider>> and subsequently entered into by the owners corporation (being a commission of the kind referred to in section 57(3)(b) of the SSMA). On that basis, << Insert Strata Management Agent >> hereby discloses the following information:

Disclosure	Particulars
Details, including the specific provision of the terms of appointment of the agent, if relevant, that demonstrate the payment of the commission or provision of the training service is permitted under section 57(3)– section 60(2B) (a)	<p>&lt;&lt; Insert Strata Management Agent &gt;&gt; and The Owners – Strata Plan No &lt;&lt;Insert plan number&gt;&gt; entered into a strata management agency agreement dated &lt;&lt;insert date&gt;&gt; (the Agreement).</p> <p>Under Item 6 of the Agreement, you selected Option 1 which permits &lt;&lt; Insert Strata Management Agent &gt;&gt; to receive rebates, discounts and commissions that have been disclosed in Schedules C1 and C2.</p>



Disclosure	Particulars
	<p>Pursuant to clause 3.3(a) of the Agreement, &lt;&lt; Insert Strata Management Agent &gt;&gt; is permitted to retain rebates, discounts and commissions paid to it by the providers of goods and services to the owners corporation described in Schedules C1 or C2.</p> <p>&lt;&lt;Insert Insurance Provider&gt;&gt; is disclosed in Schedule C1, together with the amount of commissions receivable by &lt;&lt; Insert Strata Management Agent &gt;&gt;.</p> <p>As such, &lt;&lt; Insert Strata Management Agent &gt;&gt; receipt of commissions is in accordance with the terms of appointment of &lt;&lt; Insert Strata Management Agent &gt;&gt; by the owners corporation pursuant to section 57(3)(b) of the SSMA.</p>
The amount of commission and the method of its calculation, or the monetary value of the training service or if that is unknown, an estimate of the monetary value of the training service – section 60(2B) (b)	<p>Under the SSMA, a <i>commission</i> includes an insurance broker fee.</p> <p>&lt;&lt; Insert Strata Management Agent &gt;&gt; received [insert \$] in total <i>commission</i>, which comprises two payments:</p> <ol style="list-style-type: none"> <li>3. [insert percentage] of the broker's commission, being \$[insert amount] ex GST; and</li> <li>4. [insert percentage] of the broker's fee, being \$[insert amount] ex GST.</li> </ol>
Details about the nature of the relationship between << Insert Strata Management Agent >> and the person providing the commission or training services – section 60(2B)(c)	<p>&lt;&lt;Insert Insurance Provider&gt;&gt; (a provider of insurance brokerage services) and &lt;&lt; Insert Strata Management Agent &gt;&gt; (a provider of strata management services) are party to a joint venture (JV).</p> <p>Under the JV, &lt;&lt;Insert Insurance Provider&gt;&gt; and &lt;&lt; Insert Strata Management Agent &gt;&gt; each have 50% shareholding in &lt;&lt;Insert Insurance Provider&gt;&gt;, which is a company</p>

Disclosure	Particulars
	<p>that provides insurance brokerage services principally to strata schemes.</p> <p>Each time the owners corporation enters into a new insurance policy with an insurance provider sourced by &lt;&lt;Insert Insurance Provider&gt;&gt;, &lt;&lt; Insert Strata Management Agent &gt;&gt; will receive a commission where permitted. This includes every time that the owners corporation renews with an existing insurance provider sourced by &lt;&lt;Insert Insurance Provider&gt;&gt;. This does not extend to any insurance obtained by the owners corporation independent of &lt;&lt; Insert Strata Management Agent &gt;&gt; involvement.</p> <p>&lt;&lt;Insert Insurance Provider&gt;&gt; is a connected person to &lt;&lt; Insert Strata Management Agent &gt;&gt; pursuant to regulation 62 of the <i>Strata Schemes Management Regulation 2016</i> (NSW).</p>
Details about why the approval is in the owners corporation's best interest – section 60(2B) (d)	<p>In addition to the matters referred to below, we note as follows.</p> <ol style="list-style-type: none"> <li>1. Our receipt of these commissions enables us to give you a lower agreed management service fee.</li> <li>•</li> <li>2. Further, the broker has been instructed to approach all insurers available in the market to obtain comparable insurance at the most competitive rate obtained in the best interests of the Owners Corporation.</li> <li>•</li> <li>3. The insurance report has been circulated to the strata committee for instructions in relation to the insurance renewal. The strata committee either instructs &lt;&lt; Insert Strata Management Agent &gt;&gt; to effect a certain policy, or in the absence of</li> </ol>

Disclosure	Particulars
	<p>instructions, &lt;&lt; Insert Strata Management Agent &gt;&gt; renews with the existing insurer to ensure that the building remains insured at all times.</p>
<p>A statement that &lt;&lt; Insert Strata Management Agent &gt;&gt; believes that accepting the gift or benefit does not contravene the <i>Property and Stock Agents Regulation 2022</i>, Schedule 1, section 11 and the reasons for the belief – section 60(2B) (e)</p>	<p>&lt;&lt; Insert Strata Management Agent &gt;&gt; believes that accepting the gift or benefit does not contravene the <i>Property and Stock Agents Regulation 2022</i>, Schedule 1, section 11 for the following reasons:</p> <ol style="list-style-type: none"> <li>1. The rates and fees charged by &lt;&lt;Insert Insurance Provider&gt;&gt; are in-line with market rates charged by other brokers;</li> <li>2. The rates and fees charged by &lt;&lt;Insert Insurance Provider&gt;&gt; do not differ substantially from fees and charges rendered by it to other customers;</li> <li>3. Each owners corporation receives a benefit in that &lt;&lt; Insert Strata Management Agent &gt;&gt; can provide strata management services at a cheaper cost through contracting with &lt;&lt;Insert Insurance Provider&gt;&gt; whilst still obtaining insurance at market rates;</li> <li>4. Full and frank disclosure has been made regarding the relationship between &lt;&lt;Insert Insurance Provider&gt;&gt;, &lt;&lt;Insert Insurance Provider&gt;&gt; and &lt;&lt; Insert Strata Management Agent &gt;&gt;, including all benefits received from &lt;&lt;Insert Insurance Provider&gt;&gt;</li> <li>5. &lt;&lt;Insert Insurance Provider&gt;&gt; were instructed to approach all insurers in</li> </ol>

Disclosure	Particulars
	<p>the market, to provide details of their investigations and to document any declines that are shared with the Strata Committee; and</p> <p>6. In the circumstances (a) the rates and fees charged by &lt;&lt;Insert Insurance Provider&gt;&gt; are in line with market rates, and (b) &lt;&lt; Insert Strata Management Agent &gt;&gt; can reduce its annual management fee charged to the owners corporation by relying on commissions payable under the insurance policy.</p>

## MOTION 4

### Best Practice Guide for Strata Insurance

THAT The Owners – Strata Plan No <<Insert plan number>> RESOLVE to table, consider and acknowledge the contents of the Best Practice Guide for Strata Insurance (Guide) included as an annexure to this notice of meeting.

Explanatory Note: The Guide has been annexed to this notice of meeting to ensure that the strata committee are informed when making decisions in relation to insurance policies. The Guide provides details on, among other things, what strata managers do in relation to insurance policies and why they receive remuneration for that work (in the form of commissions).

## MOTION 5

### Insurance Renewal Report

THAT The Owners – Strata Plan No <<Insert plan number>> **RESOLVE** to table, consider and acknowledge the contents of the Insurance Renewal Report (**Report**) included as an **annexure** to this notice of meeting. The owners corporation further confirms that the Report is in accordance with section 166 of the SSMA.

Explanatory Note: Section 166 of the SSMA requires the provision of not less than 3 quotations from different providers for each type of insurance proposed to the owners corporation, or otherwise written reasons to the owners corporation if less than 3 quotations have been provided.

## MOTION 6

### Variation Notice to the Strata Committee

THAT The Owners – Strata Plan No <<Insert plan number>> RESOLVE to table, consider and accept the information set out beneath this motion in full satisfaction of << Insert Strata Management Agent >> obligation to provide written notice pursuant to section 60(2) of the Strata Schemes Management Act 2015 (NSW).

Pursuant to section 60(2) of the Strata Schemes Management Act 2015 (NSW) (SSMA), << Insert Strata Management Agent >> must, as soon as practicable after becoming aware that commissions or training services provided to, or paid for, << Insert Strata Management Agent >> v(other than by the owners corporation) differ from the commissions or training services or any estimate of them disclosed at the annual general meeting (AGM), disclose to the strata committee the variation and give an explanation for the variation.

On <<Insert AGM Date>> in accordance with section 60(1)(b), << Insert Strata Management Agent >> estimated the amount or value of any commissions or training services that it believed it would receive in the 12 months following the AGM. << Insert Strata Management Agent >> estimated that it would receive \$[insert estimate of commission given at the AGM] ex GST in commissions in the event that the owners corporation entered into an insurance policy using <<Insert Insurance Provider>> as its broker (Estimate). The Estimate was based on the best available information at the time it was given.

Following this motion, the owners corporation will resolve to renew its insurance policy with either <<Insert Insurer>>, <<Insert Insurer>>, or <<Insert Insurer>>. The Insurance Renewal Report the subject of motion 5 particularises the commissions payable to << Insert Strata Management Agent >> in the event that the owners corporation enters into one of those policies.

The commissions payable to << Insert Strata Management Agent >> under those policies differ from the Estimate as follows:

1. <<Insert Insurer>> – << Insert Strata Management Agent >> will receive \$[insert commission] ex GST. This amount differs from the Estimate by \$[insert variation amount] ex GST (Variation); or
2. <<Insert Insurer>> – << Insert Strata Management Agent >> will receive \$[insert commission] ex GST. This amount differs from the Estimate by \$[insert variation amount] ex GST (Variation); or

3. <<Insert Insurer>> – << Insert Strata Management Agent >> will receive \$[insert commission] ex GST. This amount differs from the Estimate by \$[insert variation amount] (Variation).

The reasons for the Variation are as follows:

- [insert reasons]