Statement of Regulatory Intent (SORI) – Disclosure Obligations for Strata Managing Agents

Strata Community Association NSW Submission

2 September 2026

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 91,346 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 1,073,277[1]. 44% of these schemes have been registered since 2000.

4. NSW as a Leader in High-Density Living

According to the 2024 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 20 per cent.

5. Employment Impact

Strata is a significant employer, directly providing jobs to 1,259 managers throughout NSW, as well as an additional 854 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 Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. Andrew.Jefferies@strata.community

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[1] Authored by Hazel Easthope, Yi Lu and Alejandra Rivera, Australasian Strata Insights 2024, City Futures Research Centre, UNSW.
[2] Ibid, p.8-13
[3] Ibid, p.8.

REVISED STATEMENT OF REGULATORY INTENT (SORI) – DISCLOSURE OBLIGATIONS: STRATA SECTOR RESPONSE

Background

SCA (NSW) welcomes the proposed revisions to the Statement of Regulatory Intent – Disclosure obligations for strata managing agents (SORI) from NSW Fair Trading and the opportunity to provide our thoughts and feedback.

The SORI sets out the compliance and enforcement approach of NSW Fair Trading to the disclosure obligations for strata managing agents under sections 57 and 60 of the Strata Schemes Management Act 2015 (the Act).

As the leading professional body representing the strata and community title sector across New South Wales, SCA (NSW) has consistently maintained that the SORI, in its present form, imposes an unrealistic and unnecessary regulatory burden on strata managers and goes beyond the intent of the legislation as passed.

Additionally, we did not believe that the present statement is consistent with NSW Fair Trading's stated approach of risk-based compliance and stated aim to focus on matters that have the greatest risk of undermining the intention of the disclosure obligations and harming consumers.

SCA (NSW) notes that the proposed revision has been developed with our feedback to better balance Fair Trading's risk-based compliance approach with the aim of providing enhanced industry clarity and certainty. These revisions include:

- A strata manager does not need approval of training services that are paid for by the agency, where they pay full market rate;
- Training paid at full market rate does not need to be disclosed to the owners corporation;
- Nominal payments or discounted training may give rise to a conflict and would need approval by the owners corporation.

REVISED STATEMENT OF REGULATORY INTENT (SORI) – DISCLOSURE OBLIGATIONS: STRATA SECTOR RESPONSE

SCA (NSW) supports the proposed revisions to the current SORI and acknowledges that they have been developed with feedback from industry. We believe these revisions are a constructive retreat from a position that unnecessarily imposed red tape on the strata management profession and, in doing so, risked unfairly maligning the sector's reputation.

We believe the revised statement much better reflects Fair Trading's intended aim of delivering risk-based compliance and enforcement objectives and in particular, the removal of the approval and disclosure requirement for agency-funded training is a sensible and long overdue correction.

Strata managing agents must disclose conflicts, gifts, and interests, and follow strict conduct rules to ensure transparency and SCA (NSW) has always strongly argued that most strata managers are aware of and strictly follow these requirements and obligations.

While the clarification of Fair Trading's position on these key matters, via a revision of the SORI, is broadly supported, SCA (NSW) believes that these revisions raise additional questions and perspectives and we seek further clarification from NSW Fair Trading's policy team. These thoughts are listed below:

Connected Suppliers

SCA (NSW) notes that the following paragraph has been deleted from the current statement:

Further, where an agent pays for training, NSW Fair Trading considers the agent to be connected to the training provider under section 7(e) of the Act as the agent has engaged the provider. This means that the disclosure obligations about connected suppliers (e.g. in section 60 of the Act) will apply.

While this paragraph has been removed from the SORI, the revised document does not explicitly state Fair Trading's current position on connected suppliers. SCA (NSW) understands the reference to a "strata scheme's supplier" to mean an entity that, at the time it provides training to the agent, has a current contract to supply goods or services to a strata scheme client of that agent. This interpretation should be confirmed in the revised SORI to enhance clarity.

Therefore, **SCA (NSW) requests** that the revised SORI be further amended to provide a stronger and clearer position to assist the strata sector more broadly.

Definition of Full Market Rate

The term "full market rate" is subjective, remains undefined, and carries the weight of both proposed exemptions. In practice, it becomes a test that the potentially conflicted party applies to itself without an evidentiary standard. This raises three concerns:

- The bulk of supplier-delivered training has no observable market price, for example a lift contractor's CPD session, an insurer's briefing, a law firm's seminar are not sold commercially. An agent could reasonably say the market rate is nil because the provider charges nobody. As drafted, the category of training most likely to give rise to a conflict is the category where "market rate" is least ascertainable.

- The provider effectively sets the benchmark. A supplier can publish a token price, the agent pays it in full, and the training is exempt from both approval and disclosure while the economic benefit is unchanged.

- This could also create difficulty for Fair Trading. An undefined trigger in an enforcement statement means the regulator carries an evidentiary problem in any action it does want to take. We believe that tightening the wording or definition is very much in Fair Trading's interest, as well as the broader strata sector.

SCA (NSW) suggests providing a definition to a more objective or verifiable reference could be useful. Potentially, the following words could be used:

paid for by the agent or their licensee at the provider's standard price for that training, being the price the provider charges unrelated third parties in the ordinary course, with no rebate, credit or in-kind offset.

With the caveat, where the training is not offered to unrelated third parties on commercial terms, there is no ascertainable market rate, and an exemption does not apply. These words keep the definition simple while not imposing an additional burden. A tax invoice is the only record required which agents already hold, while removing the issue of self-assessment and closing the supplier-training gap without reinstating the approval regime.

Should "full market rate" be retained as the test, SCA (NSW) requests that it be properly defined. We note that this term does not appears in the Strata Schemes Management Act 2015, and the Act's dictionary defines neither "market rate" nor "training services," despite sections 57(3)(c) and 60(1) relying on the latter.

The practical consequence is that the entire exemption rests on an undefined concept in an instrument that does not alter the law and that the SORI governs Fair Trading's enforcement discretion only.

An agent who complies with this in good faith could still be exposed to a technical breach of section 57, has no defence available in proceedings brought by an Owners Corporation at NCAT or in a civil claim, and effectively relies on a position a future Commissioner may revise.

SCA (NSW) strongly recommends that NSW Fair Trading:

- Define "full market rate" and "training services" within the SORI; and
- Give effect to those definitions in section 4 of the Act or prescribe them by regulation under the Strata Schemes Management Regulation 2016, at the next available amendment cycle, so that agents relying on the exemption have a statutory footing rather than an administrative assurance.

Drafting Amendments

- The document exempts from disclosure training "paid for by the agency at full market rate," but the following paragraph further states that disclosure "includes where the training is delivered by professional/industry associations." A full-price CPD course that SCA (NSW) offers could therefore be both exempt and disclosable. SCA (NSW) suggests that this sentence be amended to read "delivered free of charge or at a subsidised rate by professional/industry associations,' or be removed.

- Member rates, early-bird pricing and multi-buy arrangements are all discounts from a list price. On a literal reading, every member-rate course could be defined as "subsidised" training requiring approval by resolution at a general meeting, which we do not believe is the intent. Providing an express carve-out for discounts generally available to unrelated parties would help to provide additional clarity for strata managing agents.

- The Section 57 exemption refers to training "paid for by the agent themselves" while the Section 60 exemption refers to payment "by the agency." In practice, often the corporate licensee funds training for employed agents and we believe the use of more consistent language "the agent or their employer" helps to clarify both.

All Welcome Seminars and web resources

While it is useful that Fair Trading seem to accept that OC approval is not required for training provided at full market rate for certificates or CPD training for which a fee is payable.

However, it would be useful to recognise that "free" training can also fall into this category, e.g. "all welcome" seminars and web resources provided without charge. It is common practice in the strata sector and other sectors for stakeholders (including Fair Trading itself) to provide such resources without link to exercise of agency functions, e.g. to promote good corporate governance and promote brand recognition.

These activities can be very beneficial to owners corporations, strata committees and strata lot owners, without obliging or incentivising agents to engage providers as suppliers to client schemes.

Training in connection with the provision of service of exercise of functions

SCA (NSW) does not believe that Fair Trading, in its stated regulatory position (3rd & 4th paragraphs under the heading "enforcement approach"), despite doing so in its reasoning (1st paragraph under the heading "background" & 2nd paragraph under the heading "enforcement approach"), has embraced the requirement in Section 57 that the training be in connection with the provision of service or exercise of functions. i.e. that Owners Corporation approval would also not be required if the training did not require or incentivise exercise of functions in a particular way. E.g. - require the agent to engage the training provider as a supplier to a client strata scheme.

As this is a limitation of the scope of Section 57, SCA (NSW) believes that the regulatory position should be amended to achieve greater consistency.

Inconsistent Disclosure Requirements

SCA (NSW) still believes that disclosure requirements required by NSW Fair Trading go well beyond the requirements of the legislation.

We believe that these should be dialled back to be consistent with Section 60, for the reasons set out below. Section 60(1) requires that the training be "in connection with the exercise by the agent of functions for the scheme…". However, it appears that Fair Trading continues to believe that disclosure is required in relation to all free or subsidised training, even if provided by a professional/industry association, i.e. irrespective of:

- a lack of connection with exercise of agency functions.
- the provider is not a supplier to the relevant scheme.
- the distinction between training provided by government agencies and training provided by professional/industry associations having no basis in the legislation.
- Linkage of disclosure obligations to "free" training being misconceived, given that "free" training might be free because it has no market value.

Compliance Challenges

SCA (NSW) believes that in many instances, compliance remains impractical and/or puzzling to many schemes and their Strata Committees, particularly involving:

- Maintaining a register of training received by the agency and its staff, capable of generating a year-to-date report listing such training.
- Attaching a copy of the report, to the agent's report, attached to the agenda for each AGM for each scheme, no matter how irrelevant, confusing or even annoying it may be for a specific scheme. It should be noted that attachment of superfluous material to an AGM agenda will impact adversely on monetary and time costs for the scheme, particularly large schemes, e.g. the cost of printing and distributing the agenda and the time required to review and process the material, at a meeting which may be under time pressure to address higher priority business. It should also be noted that presenting superfluous material to an AGM, such as detailed training records in relation to which the scheme has no interest, serves to reflect poorly on the agent and in turn, NSW Fair Trading when the agent explains why it has been provided.

Guidance on "Free" Insurance Training

Given that one of the many and complex delegated functions of a strata manager is to arrange insurance products under Section 766C(2) of the Corporations Act 2001 at the Federal level, the legal requirement for an Australian Financial Services (AFS) licensee to ensure their authorised representatives are adequately trained under **section 912A(1)(f)** of the Corporations Act 2001 and the broad obligations and compliance requirements for licensees under this Act (listed below), SCA (NSW) seeks NSW Fair Trading guidance on whether this training should be exempted from the broader disclosure requirements.

Key Obligations under Section 912A(1)(f) – i.e. why the training is provided free:

- Ensure representatives are adequately trained.
- Ensure representatives are competent to provide the financial services.
- Maintain ongoing knowledge and skills for roles.

Related General Obligations (Chapter 7)

- **Section 912A (1) (ca):** Take reasonable steps to ensure that representatives comply with financial services laws.
- **Section 912A(1)(a):** Do all things necessary to ensure financial services are provided efficiently, honestly, and fairly.

Given the complexity of these requirements, including their Federally mandated training component that is not specifically targeted at any one scheme, and their key and general obligations offering a much broader consumer protection aspect, SCA (NSW) believes this insurance training should be provided within an exemption from these revised disclosure requirements.

For further information about this consultation, please contact Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. Andrew.Jefferies@strata.community