



Issues in the Strata Industry

College Chronicle
Newsletter

March 14, 2025



Australian College
of Professionals

RTO 91513



Issues in the Strata Industry

On 26 February 2025, NSW Fair Trading released the report prepared by independent examiner McGrathNicol into the conduct of Netstrata, a large strata management agency in NSW.

The report was commissioned by NSW Fair Trading as part of its broader investigation into Netstrata, following public concerns the strata management company was charging excessive fees, and not disclosing conflicts of interest and referral commissions.

After reviewing a sample of 60 strata plans managed by Netstrata, McGrathNicol identified potential breaches by Netstrata of the Strata Schemes Management Act 2015 including:

- Seven instances of failing to obtain at least two quotes for expenses exceeding \$30,000, in contravention of section 102.
- Two instances of non-disclosure of commissions received by Netstrata, in contravention of section 60.
- Possible breaches of section 60 in relation to non-disclosure of commissions received by Netstrata from a third-party service debt collection agency, Strategic Collection Services Pty Ltd.

In addition, McGrathNicol identified:

- Several potential conflicts of interest not disclosed by Netstrata to its clients including the personal relationships that employees of Netstrata had with suppliers.
- Highly saturated use of those related entity suppliers or suppliers with whom Netstrata had a commercial arrangement.
- Other practices that could be considered not in the best interests of the consumer, including:
 - » charging a premium to strata plans who did not use Netstrata's wholly owned insurance broker, Strata Insurance Services (SIS).
 - » a remuneration structure which arguably incentivises its strata managers to bill for add-on charges (Schedule B charges).

Since the review commenced, the NSW Government has strengthened strata laws with significant reform focused on transparency and accountability.

The McGrathNicol review is only one component of NSW Fair Trading's broader review into the strata industry. Fair Trading is also examining other allegations of misconduct and into the broader conduct of strata managers.

One of the many changes that Fair Trading have already implemented relates to

increased disclosure obligations for strata managers which commenced in February 2025.

Strata managers need to disclose more information, more frequently to the owners corporation. This includes details about their connections with suppliers and developers, and commissions and training services they may receive.

The increased disclosure obligations:

- make insurance quotes more transparent, and
- equip owners corporations with clear and timely information to inform decision-making and enable scrutiny of their strata manager's actions and interests.

The important dates to remember are:

- From 8 November 2024, NSW Fair Trading increased enforcement and regulatory powers in relation to existing disclosure obligations.
- From 3 February 2025, the increased disclosure obligations for strata

managers started.

To ensure compliance, strata managers must follow the increased disclosure obligations. Strata managers who breach the increased disclosure obligations could face significant court-imposed penalties up to \$110,000.

Before a strata manager is appointed, they need to disclose:

- more information to the owners corporation about connections with suppliers they routinely use, including details about the nature of the relationship
- whether they have given advice about strata plans or a community land scheme plan to the building developer in the last 2 years.

We will be providing additional information in relation to these changes as they roll out into the strata management industry.

[Rosy Sullivan](#)
[Director | College Principal](#)

From the office

It's certainly been a busy fortnight. Our trainers have been out and about over the past fortnight running training both metropolitan and regional areas, ranging from our CBD office, to Castle Hill, North Sydney, St Leonards and Manly out to our regional agents in Griffith and Tweed Heads. We have also had a number of interactive webinars and it's great to see all of the new faces and return students as well. We have also had a cohort of newbies undertaking their Certificate of Registration training in order to enter the real estate industry and an active group of students completing their Stock & Station licensing requirements.

Two of the team have been away on holidays. Megan and her husband did their first real away holiday with their two boys down to Canberra. The zoo and the dinosaurs were a huge hit. Monique is still away on her tour of Japan and South Korea – we are sure she is enjoying herself, but we can't wait to have her back in the office next week.

Michelle and Rosy attend the Raine & Horne NSW/ACT Awards night last Saturday and had a fabulous time celebrating with all the R&H winners – a celebration that went well into the following day. Who doesn't love a good awards party.

Whilst there were no birthdays this past fortnight, we celebrated International Women's Day and the theme of #MarchForward with a delivery of amazing doughnuts from Dr Dough.

**Premium Educators
Premium Training
Premium Outcomes**



Contact us

1300 88 48 10
(02) 9264 5505
enquiries@acop.edu.au

Visit us

Level 2, St Andrews House
464 Kent St, Sydney NSW 2000

Mail us

PO Box Q289
QVB Sydney NSW 1230

Connect with us

acop.edu.au



Australian College of Professionals Pty Ltd ABN 32 105 687 910
Registered Training Organisation Number 91513

Property Training

Finance Training

Strata Management Training

Management Training

Government Funded Training

Compliance Checks

Consumer Education

Value yourself
Value your future.

acop.edu.au