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## **YSP Podcast Transcript: 448 - Behind the Headlines: Robert Anderson on Saving Strata's Reputation**

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**Intro:** Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

**Amanda Farmer:** Hello, and welcome to this week's podcast episode. I'm your host, strata lawyer, Amanda Farmer and my guest this week is Robert Anderson. Robert brings over 30 years experience in strata to our conversation this week. He has a background as a teacher, having spent 12 years teaching in primary and secondary schools, then over three years in real estate.

Robert obtained his real estate and strata management licences, and in 1994 he joined Body Corporate Services as a strata manager. In 2001, he was appointed group chief operating officer. From 2000 to 2004, Robert was president of the Institute of Strata Title Management, now known as Strata Community Association, New South Wales. In 2006, Robert established Advanced Community Management. During his time in strata, including as a consultant, Robert has been involved in the setup of some of Sydney's most significant multiple dwelling developments, including the Finger Wharf at Woolloomooloo, the Horizon at Darlinghurst, Moorpark Gardens and the Cove Apartments.

Since selling his business in 2023, Robert has continued to work in the industry as a locum, sitting in for managers when they're on leave. In October 2024, Robert was elected to the SCA New South Wales Board and is its current president. To share with you how SCA New South Wales and its president have responded to what some have described as a crisis in strata management over the last 12 months, I'll take you over to my chat with Robert Anderson.

Robert Anderson, welcome to the show.

**Robert Anderson:** Thank you, Amanda. It's good to be here with you.

**Amanda Farmer:** Robert. You've been working in strata for over 30 years, long before most people even understood, perhaps what a strata manager did. And in that time, no doubt you have seen strata evolve dramatically. If you cast your mind back, what's one big change in strata that stands out to you, good or bad?

**Robert Anderson:** Well, there's always quite a few, but I've got down two that I want to say, like what's bad but good?

I'd call the first one, which was actually COVID 19, and what that did is changed the industry to move into the 21st century, in my view. We moved to online meetings, and I found when I was doing strata committee meetings face to face, sometimes there was quite a bit of tension in the room. The online meetings dissipated a lot of that, so discussion was more focused, and it got away from meeting in garages for some managers at 6:30 p.m and I didn't do those, but others did.

More owners were able to access the meeting. So if people were living in the United States or in New Zealand, those owners were then included, so it was more inclusive. The biggest change for my company was we got it 95% of owners onto email, whereas before, to get send out levy notice by email might have been 50%, so it saved the scheme money and it saved us time.

So it was productive change. Notices and minutes of meetings could be sent electronically, and that's what we did all the time and so it was more transparent. Even though the access for those large schemes, you don't have to send minutes of AGMs out unless someone asks for it. If they're not on the committee, we send them out to everyone, and it's just as easy to press one button.

So pre pre-meeting voting came in, and the other thing that changed with COVID was SCA started doing webinars for managers. So they were the big changes, and they were positive changes. I'll do one more, which is good but bad. So this was a good change, but the effect is difficult, was the Design and Build Practitioners Act, and it's good for new schemes, but for the existing schemes, it's a cost impost.

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I know of an example of where it was just a Juliet balcony that had to have been re waterproofed and retiled, and fixed. They had a quote before design and built practitioner in a Zach \$7,000, and they didn't do the work before so they got caught up in it and guess what the cost was \$50,000.

**Amanda Farmer:** I believe it.

**Robert Anderson:** Yes. And so it encourages suspicion of strata managers, it encourages owners corporations not wanting to comply with the legislation, and therefore it makes the job a little bit harder.

As I said, good for new buildings and the way that we manage was we wanted to do it once, and we wanted to do it right. So it doesn't really add any anything if you're doing it right the first time, and doing it once that really didn't make the job any better than it would have been otherwise. So there's two things.

**Amanda Farmer:** I love it if we fast forward to just the last 12 months, Robert, there has been significant, I'm going to say, media coverage criticising the performance of strata managers. The conduct of some strata managers. Do you think the media has been fair in its portrayal of the strata management sector? Are there any misconceptions maybe you want to take this opportunity to correct?

**Robert Anderson:** What I'd say is that the media commented on three or four companies and not necessarily the individual strata managing agents. So there's bucket loads of strata managers, agents at the coal face and what happened with the media spotlight, I guess it tart everyone with the same brush and demonise to an extent.

Strata managing agents, all of them. When you've got trust money involved, there'll always be some bad actors. And it's not confined to strata management. When you know the lawyers and others, where there's trust money, it sometimes happens. Strata management's quite difficult, and it's become increasingly complicated job, and sometimes it's like herding cats, herding an owners corporation to move towards repairs and maintenance. The majority of strata managing agents in companies, they want the best for their clients and their employees, there's no doubt about it.

And I've been around since I became president, and we've seen a number of the strata management companies, they're vanilla companies, they just do strata, and they really. They want to do a good job and they do do a good job. So it created an atmosphere of suspicion. It also created an issue within the industry for managers. They started to question why are they still doing this job? It makes it a little bit harder to retain people or bring people into the industry.

And the industry needs professionals, needs people that have got what I call common sense. That's the thing you want. But the misconception in the programmes that annoyed me personally the most was the use of the emotive word kickbacks.

**Amanda Farmer:** Right.

**Robert Anderson:** Because if it was disclosed in the agency agreement and in writing, it's not a kickback, it's a commission or it's a payment. So using the word kickbacks all the time created a perception that there was something going wrong when it may not have been; it may have been already disclosed. So that's the one that I thought was a little bit unfair to continually use that word.

**Amanda Farmer:** And we're now in a climate of disclosure being the hot topic of conversation in New South Wales, new legislation in February imposing more disclosure obligations on strata managers. You've mentioned the word there, commission. Robert, where does SCA stand in this discussion about disclosures and commissions? Are these things that you're hearing from members?

They want commissions to continue. They think disclosure is enough. What's SCA's position in that conversation?

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**Robert Anderson:** Well, members have got different views, so some members want commissions to say, some members say, "Well, we've been fighting this, or we've had this for 30 years, this conversation, maybe it's time." So SCA doesn't take a definitive position on that sense because members have different views. But the SCA has done a number of things, and one of the ones you would have seen was that the invoices for insurance are now much more transparent.

Where you put in the net fee for insurance, then there's a percentage and a dollar price for any commission and commission now includes broker fee, so that's an improvement. And then it says the broker fee percentage and dollar amount and it says government charges such as fire levies, and so on, and then the final price. So it's much clearer to owners, corporations and individual owners exactly how the final invoice is broken up.

So, look, they're good changes. And SCA introduced a best practise guideline for insurance to help its members.

**Amanda Farmer:** Has it been a tough gig, Robert, taking up the presidency in the media storm that has been going on the last 12 months? I mean, I want to acknowledge that you're the first incoming president to pick up the role after Stephen Brell, who was heavily criticised by media last year. Have you felt like you've had to go in guns blazing, making changes, lots of new initiatives?

Have you felt the pressure of that to respond to this public criticism and clear up these misconceptions with your president hat on?

**Robert Anderson:** Well, it hasn't been a baptism of fire. I was president from 2000 and 2004, years and years ago, but I didn't expect. If you asked me in July last year, would I be doing this, there was no way. You know, it kind of happened a little bit with the changes.

And plus, I'm in a position now where, like, I've sold my business and I do locum work, so there is an opportunity and a bit of time to give back something to the industry and to the association. So we're working progressively and sometimes it seems like not much has happened, but lots of things do happen. It's a bit like strata management. A lot of things happen behind the scenes, so there's been quite a few SCA initiatives and the board's very proactive. We've met a lot of times. I can tell you, first time round, when I did it, we didn't meet as often as we did. So, yes.

**Amanda Farmer:** That's the benefit of those Zoom meetings.

**Robert Anderson:** Oh, yes. So the Zoom meetings help, but a couple of things that SCA initiatives have done, the complaint handling process, when an owner, an owners corporation or a manager puts in a complaint.

In the past, it used to be handled by New South Wales, now it's independent, completely. So New South Wales get to see it, don't get to handle it. It's passed on to national, and they do the investigation, and then they rule on the complaint, and then if there's a recommendation it comes back to the board and the board then takes that and recently expelled company and members but that was handled outside of us so there's no conflict there.

Other things they've done, they've got a new strata managing agency agreement that was issued in December. Now you would have seen a lot of poor press from lawyers and academics, and others about the previous agreement. This agreement's been reviewed to comply with the Unfair Contracts Act, and it's more in favour of the owners corporations. And the two clauses that in particular big changes were the insurance there's no uptick anymore and the professional indemnity strata manager can't claim an excess on their policy from the owners corporation.

There's no monetary cap anymore, and there's a time frame instead, and the owners corporations have got a three-year time frame. So that's quite a long time frame.

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**Amanda Farmer:** If I could just clarify that, Robert, for our listeners. I think they'll be interested in this because these unfair terms are something that I was talking about quite a lot at the beginning of this year, the no more insurance uptick.

By that you mean if the owners corporation arranges their own insurance and the manager was otherwise going to receive a commission for that but doesn't get that because the owners corporation arranged their own insurance it is no longer open to the manager to then increase their management fee to cater for that lost commission. Is that how that one works?

**Robert Anderson:** That's exactly right. So if you've got a two year or a three, say you've got a three year agreement which is the maximum agreement you can have and the agreement's entered into where the strata manager arranges insurance and receives a commission and the first year that happens and they get it second year the owners corporation do their own well the strata manager is not entitled to get the commission uplift.

So that's a bit because the original agreement was prefaced on getting a commission but there's a clause there now you can't do it. So they could renegotiate an agreement but some managers will just run with it and wait till the renewal comes up.

**Amanda Farmer:** And if there is a claim on the strata manager's professional indemnity insurance they can't charge the excess on that policy to the owners corporation I think I heard you say, and the cap on their liability is no longer time-limited.

So I think it was on my reading of the previous SCA templates the owners corporation could only essentially sue the strata manager for the amount of the last 12 months, management fees, regardless what the loss was because of some negligence or poor conduct on the part of the strata manager. So that's now changed. We don't have that cap in the template anymore.

**Robert Anderson:** You don't have the monetary cap. It used to be 100% of the management fee. That's right. But now it's a time frame. So there is a limit, a time limit which is fair. So this pendulum has swung in favour of owners corporations a little bit. There's a cost to that. So, you know, owners corporations need to understand risk needs to be priced into agency agreements and those two things have a risk and a bit of a cost.

**Amanda Farmer:** SCA positions itself as the advocate essentially for a number of different stakeholders in strata. Strata managers, strata owners as well. How do you balance that? You have spoken, Robert, about the complaints handling process and how you've taken steps to try and externalise that as much as possible, at least from the state base, moving that up to national. You've talked about making the template agreement a little bit more consumer-friendly.

Is there anything else that you're doing to try and acknowledge that some trust needs to be restored here, That can be a really tricky line to walk. How are you managing that one?

**Robert Anderson:** Sure, it's tricky. There's other initiatives that SCA has implemented, and one of the ones from after last year was the Code of Ethics has been updated, but not only that, it's been reviewed nationally, and so there'll be a new code.

It's not ready yet, but it will be ready this year. And the plan is to have strata managers throughout Australia comply with this national code. So that's one of the things, other things that we've done. This might sound not quite relevant to restore trust in that, but it does help that Who's Responsible guidelines been updated, and it's on the web page and it's a great tool for owners corporations and strata managers in particular.

When you get a curly question, you've got on one hand the Common Property Memorandum, and then you've got the Who's Responsible guidelines. So that's been updated and reissued, and between the two of them, you can usually be able to answer questions for owners. The other things that Institute's doing is they do the fortnightly webinars now, and they get experts in on what changes to the Act, which 3rd February were big.

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And one thing that I haven't mentioned, but they're members of the Professional Standards Scheme. Now, that requires extra six hours of webinars per year and then three compulsory topics as well. So there's more training, there's more education. It's a progressive improvement. You won't see, you know, it came in four years ago, you wouldn't see an improvement just in six months, but over a period of time, five years.

And that you will see that the strata managers are better trained. SCA National is applying for a registered training officer. So they can do the, I think it's SCA 100 cores for strata managers and that's a big commitment, money-wise, and it's a big commitment to get trainers up and running and also then to be able to roll it out. But one of the important things onto your question about improving the trust and that what SCA NSW is doing now, it's rolling out mandatory audits onto the strata companies.

It's not there to try and cut them out, it's there to try and improve them. "Hey, you haven't got your supervision guidelines update, they're not correct or you haven't got them in place." But remember, 80% of our managers are small, you know, six employees or fewer, so it's important to be able to help them. And the audits have got a number of listings, so that is being rolled out this year.

And when I went around with Scott Martin from SCA to see strata management companies, they're quite appreciative of that, they embrace it. So those are some of the things we're doing to improve the trust. And the other thing is strata managers just doing their job, as simple as that.

**Amanda Farmer:** You mentioned there, Robert, some recent law reform and assisting managers with that. I mean, in New South Wales we've had some sweeping changes and there's more coming later this year when the Strata Legislation Amendment Act 2025 finally commences.

You're connecting with members, you're going around visiting their offices. Are you seeing any pushback or maybe fatigue from strata managers who are dealing with this constant. It really is constant legal change. How are they handling it?

**Robert Anderson:** Well, it's tough. Like there was two changes to legislation last year, there's one this year already, and as you foreshadow, there will be another one this year. And then there's insurance commissions as well.

The hardest one was the last one in 2024 that started on the 3rd of February. They caught people a bit short because they came in in November, and I think then to get the advice from the lawyers and that on holidays people and people don't really concentrate on until the date it starts. And so for February suddenly lo and behold it was there a lot of the changes. Look, this my personal opinion. They're reactive changes as opposed to proactive changes.

**Amanda Farmer:** I agree.

**Robert Anderson:** Like I've been around a long time. So these reactive changes started with Regis Towers 22 years ago, and they've been going ever since.

**Amanda Farmer:** Tell us about that people who may not know the Regis Towers story.

**Robert Anderson:** Well, Regis Towers was a Meritum building. There was a fire order on the building, they couldn't comply. But two of the changes were good.

Like the strata committee was meeting with the lawyers, and they ran up a big bill and the owners corporations didn't know about it. So out of Regis Towers came the rule that originally it was \$750 or \$10,000, whichever's the greater I think it was in legal fees. You needed to go to a general meeting to get approval, and you also needed to send the cost agreement out to all owners.

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Well, that cost a bit of money to do that. Nowadays, we put people on email, it's much easier. The other change that was important was minutes of meetings. In the old days it had to be the notice had to be put up at least three days before and minutes within 14 days and left up I think for 28 days, something like that. What changed was then if you were under 100 lots you could still put the minutes on the notice board.

But over 100 lots, you had to send them to all owners. Well of course, that cost money in the old days when everything was paper, and so they just flipped that legislation around to make it. If you're over 100 lots you don't have to send. And that's what it is today. You don't have to send minutes of the general meeting for example to all owners unless they ask for it within 14 days you just send it to the committee.

So that was Regis Towers, and so some of those changes weren't poor but it was a reactive change, and Meryton got around that problem. By World Square, they made three strata schemes into the one building. So there's, you know, people find a way around it if they want to. But the strata managers have felt the changes keenly, the ones that sea had some success on. And it's important success with Section 57 and Section 60 of the Strata Schemes Management Act change where it said that you have to get approval for taking insurance commission by a resolution at a general meeting. SCA went and spoke to Fair Trading, and they have changed their interpretation, and they say, "No, if it's in the agency agreement."

When you get the agency agreement signed, that your insurance commission, you don't need a resolution at a general meeting on top of it, it's already been disclosed, and remember it's disclosed three times in the agency agreement. It's disclosed when the insurance invoice comes and there's a disclosure at the AGM. So that was a bit of a problem because if your insurance was paid on the 1st of April and your AGM wasn't until the 1st of October, this is 6 month gap and what would have happened with the commission in that time?

So that's been clarified by Fair Trading, and that's important really. I'll just speak a little bit more about the current legislation that's coming this year. So and again, it's, in my view it's reactive. And these changes came through amendments by Alex Greenwich on debt recovery. So sometimes the interests of an individual owner shouldn't be higher than the owners corporation. Sometimes the community has to be the dominant entity because repairs and maintenance are the overriding obligation under the Act.

And now you can enter a payment plan which is you could before, and it can't be unreasonably refused. And if it is, you can go to NCAT, and then you can get a second payment plan. So you can have it for two years. But payment plans are short-term. It's not, it's not going to solve the problems of someone that's seriously in arrears. But you cannot add to the ledger the reminder notices or the legal fees anymore unless you get a court judgment.

Well, guess what? Strata managers will still need to send out reminder notes; now the owners, corporations will be paying for them, and reminder notices work. I used to send out three, one after 35 days, and people thanked me in the end because they had been overseas or they misplaced the agreement or they were elderly and sometimes their daughter or son would help with that. And the second one will go out after two months, and the third one will go out when there was two levies in a review.

So that system actually worked; it wasn't broken. And the number of people in bankruptcy, Alex, Granny said 16 to 20% of bankruptcies. Well, that might be right, but only 10% of bankruptcies are creditor petitions. And there was only 235 bankruptcies in New South Wales in 2024. That means that between 41 and 52 people were in problems with bankruptcy in strata in New South Wales, now there's a million lots. 52 out of a million is not a problem.

**Amanda Farmer:** That's right. But it made a great headline, didn't it, Robert?

**Robert Anderson:** It made a very good headline.

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**Amanda Farmer:** Yes. Look, I agree with you on those amendments. I think they're going to be very difficult for owners corporations that have expensive repair work to be done, often according to deadlines, deadlines that might be set by the Tribunal. The money's not going to be there.

They're going to have to be forced onto payment plans with owners who I agree are not going to be able to pay anyway. So we're only delaying the inevitable. I think from a practical point of view, the managers who are on the ground, the lawyers on the ground dealing with these types of arrears situations, they can see that these reforms are just not going to the source of the problem here.

The source of the problem being the incredible expense that people are put to in strata for remedial work, and owners going in having no understanding that they have a responsibility to contribute to that.

**Robert Anderson:** Yes. And look, there's other ways around that. They could have increased the from 10,000 to 20,000. The attorney general would have, to me, increased the, before you can go to a bankruptcy. That's a better solution than this because remember, if you go back to the basic responsibility of an owners corporation is to repair and maintain. That's got to override the rest of it.

**Amanda Farmer:** Yes, I agree. Looking ahead, Robert, what is SCA New South Wales vision for the future of strata management? We talked about what you've seen in the past and what's changed. What do you think is going to change in the future and how's SCA planning to be a part of that?

**Robert Anderson:** Well, the future is interesting. AI has got a big part to play, and it's already started. And there's some strata management company away ahead of others, where the phones are answered that way. And look, there's always been a pressure on price in strata management, like I want the lowest price. And strata management companies have been equally as guilty of chasing that down as owners corporations.

I think that there may be a problem with recruiting staff, and the buildings have become more and more complicated. I'm sitting in a locum here in a portfolio. My goodness, the building defects and the whole process of that is the strata managers are very important in that process to get the experts, to get the access. Of course, all the access was not there. Then someone notifies a defect after the experts have been there, that has to be added in then to get the lawyers.

Then get a deed to get the builder to agree and sign the deed, all to go to court. So it's a big process. I'm not so sure that strata management for the small schemes will be viable in New South Wales. I think that could be managed overseas, like the payment plans already managed overseas. And I don't see that getting a Class 2 licence wouldn't be. You can do the training, it wouldn't be that hard.

So I just think if the focus is still on price, it's going to be very hard to maintain the small schemes being managed face to face. Because if you've got a scheme of six, you've still got to have one AGM, the same as a scheme of 200. And if you've got cladding replacement on a scheme of six, it's, you know, it's less work, but there's still work to have to do that or window replacement programmes, same as a big scheme.

So I just think that the future is strata will always be there, become more of a relationship manager, I think, than. As opposed to something else. AI will certainly be doing the work because it would be price-driven and productivity-driven.

**Amanda Farmer:** I think you might be right about that. Robert, I would love for you to answer this last question for us. Leave us with your thoughts on this.

If you could ask owners for one thing to help improve the working environment and the reputation of strata managers, what would it be? Got lots of owners listening. What can they do to help?

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**Robert Anderson:** I always used to say, "Come and sit with me for a day and see what it is." Because a lot of the work's hidden, and it's just, but it's no different in any customer relationship management in any of those types of business.

I think to understand the relationship is two-way, it's not one-way. And we're working for you. And what an engineer once told me, and I always like this because it's true, we're here to help you. The problem you've got is the owners corporation's problem. It's not my problem, it's your problem. We're here to help you solve that problem. So if you understand that and we're not the punching bag for everything, that's an issue within the scheme.

You know, we can't make owners pay their money if they're behind in debt. So I can't actually go and open a door if someone refuses access. So we're here to help and support if we understand that. I think that would be a way for everything to improve for both sides of the party to improve, and to us to attract high-quality people into the industry and to keep them.

**Amanda Farmer:** Well, thank you very much, Robert Anderson, for your time today, for your many, many years of service to our strata industry. You've certainly seen it in all shapes and forms, and I think it's great that you're back, leading the charge at SCA with your years of experience. All the best for what's to come. Big year ahead.

**Robert Anderson:** Thank you very much, Amanda, and thank you for having me on your programme.

**Amanda Farmer:** Pleasure. Thanks Robert.

**Outro:** Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at [yourstrataproperty.com.au](http://yourstrataproperty.com.au).