Strata Reforms - Closing the embedded network trap

Not Yet Commenced

The Strata Schemes Legislation Amendment (Miscellaneous) Act 2026 has now passed Parliament, introducing several important changes for strata managing agents, owners corporations and service providers. However, the relevant provisions have not yet commenced and remain subject to proclamation. Once in effect, one of the key areas of reform will relate to the regulation of exclusive supply agreements.

What are Exclusive Supply Agreements?

The reforms introduce a new regulatory framework for embedded networks, now formally referred to as exclusive supply agreements. These agreements will be governed by a new provision with several significant features. Key features of the new provision include:

- Will extend beyond electricity to a range of other services (defined in Section 184).
- Precludes provider from removing infrastructure at end of agreement without owners corporation's consent.
- Precludes provider recovering capital costs or requiring owners corporation to purchase infrastructure.

Transitional provision excludes agreements entered into before commencement of the section or prescribed by regulation.

These reforms will have practical implications for strata managing agents. In particular, agents will need to:

- Review existing service agreements to determine whether they fall within the expanded definition of exclusive supply agreements.
- Advise owners corporations on the new restrictions, especially around infrastructure ownership and end-of-term obligations.

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- Manage provider expectations, particularly where long-term commercial arrangements may no longer be permissible.

Overall, the reforms aim to reduce financial pressure on schemes and prevent providers from leveraging infrastructure ownership to secure long-term commercial advantage — but they also place a greater administrative and advisory burden on managing agents.

We have considerable experience with these reforms and could assist you with any practical issues you may be experiencing or expect.

If you are a Compliance Pack member, please click here to download the Strata Reforms Guide.

Key takeaways

- Exclusive supply agreements will be regulated under a new framework that extends beyond electricity services.
- Providers cannot remove infrastructure without the owners corporation's consent at the end of the agreement.
- Strata managing agents will need to review existing agreements and advise owners corporations on new restrictions.
- The reforms aim to reduce financial pressure on strata schemes while increasing administrative responsibilities for managing agents.

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Prepared by Bannermans Lawyers

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