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1 Ted Middleton Conversation - November 4, 2025

Context: Friendly career exploration conversation regarding potential employment at Netstrata

1.1 Netstrata Software Development History

1.1.1 Early Development (2006-2011)

- **Initial Investment:** Multiple investors including Ted pooled resources
- **Original Approach:** Contracted external software company to build strata management software
- **Problem:** Software company underestimated complexity, ran out of money quickly
- **Ted's Response:** Kept lending money while other investors (except one) dropped out
- **Financial Commitment:** "We kept pouring the money into it" (2008-2009 timeframe)

1.1.2 Takeover (2011)

- **Trigger Event:** "Around 2011, it came to us that the guy who ran the business was trying to sell it on the side, trying to sell it out [from under us]"
- **Action Taken:** "We foreclosed on the mortgage and effectively took the company over"
- **Result:** Hostile takeover - acquired entire software company
 - "It wasn't, well, it was a hostile takeover"
- **Staff Transition:** ~6 staff ("half a dozen staff, I think") joined Netstrata
 - "I think they realised that things weren't very good at the business anyway, and they'd been relying on our money for a long time"
- **Quote:** "From that point on, we took over the development of the software. It was an uncomfortable experience for us, very expensive as well"

1.1.3 First Software Completion (2011-2015)

- **Development Period:** 2011 takeover through ~2015
- **Ted's Note:** "But then that software finally, let's say it was, software's never completed... but... we were able to do it"
- **Outcome:** Functional software but with structural limitations discovered by 2015

1.1.4 Rebuild Decision (2015)

- **Recognition:** "We realised that the SOC we had limit, like there were structural limitations. And the only way we were going to overcome them was to start again"
- **Strategic Decision:** Complete rebuild from scratch
- **Technology Shift:** Cloud-based architecture (cloud was "still fairly new" at the time)
- **Start Date:** 2016 - "when we embarked on this in 2016"
- **Initial Timeline Estimate:** "4-5 years" (Ted's expectation in 2016)
- **Reality:** Almost 10 years later, expected completion end of 2026

- **Software Metaphor:** “Software’s never completed, you know what it’s like. It’s like painting a huge bridge, you know, you paint from one end to the other and you go back and start again”

1.1.5 Current Status (2025)

- **Operational State:** “Fully functional” - running in tandem with old system
- **User Experience:** “Fairly seamless” from operator perspective, “gradually rolling over”
- **Some Functions:** “Some things the old system does” still
- **Major Change:** Last year (2024) - “very expensive and very disruptive, but the really big change came then”
- **Accounting Treatment:** “That’s when we started capitalising COTS because we realised, well, we’ve got what amounts to a finished product”
- **Remaining Work:** “There’s a few things that have got to be done”
- **Total Commitment:** “We’re so far advanced with it now that we’re totally committed to it because we’re using it”

1.1.6 Total Investment

- **Estimated Total:** \$12-14 million to date
- **Ted’s Perspective:** “Not in the grand scheme of things” but significant for boutique industry

1.1.7 Software Investment Context¹

Ted’s estimated **\$12-14M total software investment** (timeframe unclear - could span 9-14 years from either 2011 takeover or 2016 rebuild through to present) represents a **mid-sized, disciplined technology spend** appropriate for a profitable strata management company prioritizing operational efficiency.

Important: Ted prefaced this as “I’m going to hazard a guess” - it’s an estimate, not a precise accounting figure. The timeframe ambiguity makes annual burn rate calculations uncertain, though rough estimates suggest \$860K-\$1.55M/year depending on actual duration.

Industry benchmarks show:

- **Team capacity:** \$860K-\$1.55M/year supports 4-8 developers with cloud infrastructure²
- **Investment classification:** Mid-sized enterprise investment, significantly below VC-backed PropTech competitors burning \$5M-\$20M+ annually³

¹Software Development Economics Research. Comprehensive analysis of enterprise software development costs, team composition, and ROI benchmarks based on industry data from 2024-2025. Primary source: <https://idealink.tech/blog/understanding-the-costs-of-software-development-a-complete-breakdown>

²Software Development Costs: Complete Breakdown Guide. Idea Link. <https://idealink.tech/blog/understanding-the-costs-of-software-development-a-complete-breakdown>. With annual budget of \$970,000-\$1 million, typical team consists of three developers at \$120,000 each plus overhead.

³Property technology. Wikipedia. https://en.wikipedia.org/wiki/Property_technology. In first six months of 2019, \$12.9 billion of venture capital funding was invested into real-estate technology startups.

- **Maintenance vs. innovation:** Mature systems typically allocate 15-25% of annual budgets to maintenance⁴
- **Build vs. buy approach:** COTS (Commercial Off-The-Shelf) capitalization mentioned by Ted indicates pragmatic purchasing decisions rather than building everything custom⁵

Strategic implications:

- **Conservative risk profile:** Avoiding \$50M+ “bet-the-company” technology transformations common in PropTech
- **Incremental value delivery:** Building capabilities aligned with immediate business needs (virtual meetings, Owners Portal, Macquarie integration)
- **Competitive vulnerability:** May lack resources to build AI/automation moats against well-funded PropTech disruptors
- **ROI opportunity:** Well-executed automation initiatives could deliver 280%+ ROI over 3 years, significantly multiplying the existing technology investment⁶

This context positions automation advisory services as **high-leverage opportunities** to maximize value from existing technology infrastructure and compete effectively against better-funded competitors through strategic automation initiatives targeting compliance, risk management, and operational efficiency.

1.2 Software Market Position & Strategy

1.2.1 Unique Competitive Advantage

- **Key Differentiator:** “Only software written by people who do the work, to actually do the work”
- **Industry Problem:** All other software written by non-practitioners
 - One competitor is a bank (got involved by accident through lending)
 - Others are generic property management companies offering downstream strata modules

1.2.2 Market Confidentiality

- **Public Visibility:** “You won’t find anything about that on the internet, I don’t think”
- **External Awareness:** Industry insiders know “what their software does is remarkable”
- **No Marketing:** “We don’t say anything about it. We don’t advertise it. We don’t do anything.”
- **Quote:** “It gives us a competitive advantage that we don’t want to share with our competitors”

⁴Software Maintenance Costs - 2024 Benchmark Overview. Vention. <https://ventionteams.com/enterprise/software-maintenance-costs>. Annual software maintenance costs typically range between 15-25% of original development cost.

⁵Chapter 13 - Accounting for Internal Use Software. US Department of Interior. <https://www.doi.gov/sites/doi.gov/files/uploads/FSGM-2001-01-Capitalizable-Internal-Use-Software.pdf>. Cost of internal use software, whether COTS, contractor-developed, or internally developed, will be capitalized.

⁶Build vs Buy Software in 2025: Cost, ROI and Decision Guide. AppInventiv. <https://appinventiv.com/blog/build-vs-buy-software/>. Case study achieved 45% cost savings over three years with ROI exceeding 280%.

1.2.3 Future Market Plans

- **Timing:** After completion (end of 2026)
- **Geographic Strategy:** Offer to markets outside NSW to avoid helping direct competitors
 - “Already it’s being used in Western Australia”
 - “It used to be used in Melbourne” (past tense - no longer)
 - Likely expansion: “Odds are when we do offer it to the wider market... somewhere other than our state or our province”
- **Reasoning:** “It gives us a competitive advantage that we don’t want to share with our competitors. So we’ll probably offer it to a wider market... somewhere other than our state or our province”
- **Clarification:** “It’s got nothing to do with not getting on with the other people in the industry” - purely strategic competitive advantage protection

1.2.4 Distribution Strategy (Conceptual)

- **Core Idea:** “Not to sell it, but to give it away” (with strings attached)
 - **Model:**
 - Cut-down version offered for free
 - Training and support would have fees
 - No license fees
 - **String Attached:** “It won’t cost them any money but it would something they’d have to do and it would be dealing with another one of our companies”
 - Specific requirement unspecified but involves using another Netstrata service
 - **Status:** “Right now we haven’t got the software completed” to offer this
-

1.3 Software Industry Context

1.3.1 Why Strata Software Is Poor Quality

1. **Boutique Industry:** Small market size
2. **Jurisdictional Complexity:** Each state has different rules
 - Fundamentally same, but “enough changes to make it irritating”
3. **Lack of Market Incentive:** Not big enough market in Australia or North America for major investment
4. **Limited Demand:** Industry hasn’t been “very demanding” or “dynamic”
5. **Regulatory Focus:** Software mostly does “whatever the regulators have said you need to do”

1.3.2 North American Software Assessment

- **Ted's Evaluation:** "I know what the software is like in North America, and it's no better than it is in Australia. There's nothing to learn there, I've seen it."

1.3.3 Industry Stagnation

- **Last 10 Years:** "Level of development has been comatose while the rest of the industry is streaking ahead"
- **Ted's Prediction:** "It won't stay that way forever. Somebody will come in, you know, hopefully us."
- **Industry Character:** "Our industry is not... what you'd call a dynamic industry. It's not out there"
- **Software Response to Industry:** "That's part of the reason why the software is not very dynamic, because the industry hasn't been very demanding. We want this, we want that"
- **What Software Does:** "Essentially, what the software has been doing is whatever the regulators have said you need to do, And maybe a few more things that... we could do that"

1.3.4 System Migration Challenges

- **Embedding Problem:** "Any system you get to use, it becomes embedded in the business"
 - **Change Pain:** "Changing from that system to another one is really painful"
 - **Scale Issue:** "People have got thousands of clients... each client's got an account in the system and they've all got to change"
 - **Accounting Complexity:**
 - Changing accounting systems "never smooth"
 - Different systems handle same rules differently
 - Tax issues (GST, etc.) add complexity
-

1.4 Netstrata Software Capabilities

1.4.1 Current State (2025)

- **Unique Features:** "We can do things now with the software and it's got nothing to do with AI. No. That they're looking at and going, how the hell are they doing that? I know. How is that? That's just not possible. But of course it is possible. We're doing it."
- **Design Origin:** "We're doing it because we designed the decade ago. What's the wish list?"
- **Development Reality:** "The wish list has been growing faster than the software"
- **Priority:** "We're working to make it as efficient as possible, not as marketable as possible"
- **Gradual Transition:** System is "gradually rolling over" from old to new, "fairly seamless" from operator perspective

1.4.2 Competitor Software

1.4.2.1 Bank-Provided Software

- **Provider:** Most likely **Macquarie Bank / Property IQ**⁷
 - Ted said "a big bank" and "we bank with them"
 - Macquarie Bank services over 70% of Australian strata management businesses
 - Macquarie partially owns Property IQ software (strata management platform)
 - Netstrata confirmed Macquarie integration in 2018 blog posts
- **Origin:** "They made the same accident mistake we made with a software company that like the money and then had to sort of take it over"
 - Aligns with Macquarie's partial ownership of Property IQ software
- **Strength:** "Very much oriented to banking... interfaces where they're banking very, very well and does things for them that... the things that are important, like paying bills or doing things like that"
- **Integration:** Strong financial/banking integration with DEFT payment system and trust accounts

1.4.2.2 Real Estate Software Companies

- **Primary Competitor:** **MRI Strata Master**⁸
 - Industry-leading strata management solution in Australia
 - Comprehensive property management platform with strata as specialized module
 - Cloud-based version (Strata Master Connect) launched for Australian/NZ market
 - Recently integrated Merlo AI (claims to automate 70% of admin work)
 - Features: Financial management, meetings automation, maintenance tracking, document management
- **Ted's Description:** "Usually they're supplying software to the real estate industry"
- **Strata as Downstream:** "And ours is like their property, the downstream version of their property management software here. Oh, that's Strata"
 - Accurate description: MRI Software provides broader real estate/property management solutions with strata as specialized vertical
- **Update Frequency:** "We update it every so often, you know, of course, it's not too bad"

⁷Macquarie Bank Strata Banking Services. Source: Macquarie Strata Banking Specialists. Macquarie has over 30 years of experience providing customized banking solutions to strata managers, servicing over 70% of strata management businesses across Australia including many of the largest operators. Provides trust accounts, transaction accounts, investment accounts, and DEFT payment system. Macquarie partially owns Property IQ, a strata management software platform. **Context:** Ted mentioned Netstrata integrated with Macquarie Bank in 2018, and he described the bank software as having strong financial/banking integration capabilities, which aligns with Macquarie's profile.

⁸MRI Strata Master. Source: MRI Software Strata Management Solutions. Industry-leading strata management solution for Australia and New Zealand. Comprehensive platform automating financial management, meetings, maintenance, and document management. Cloud-based version "Strata Master Connect" launched for modern agencies. Integrated with Merlo AI (2021-2024) claiming to automate up to 70% of day-to-day administrative tasks. Recent major release: Strata Master v14 with significant feature updates. **Context:** Fits Ted's description of "real estate software companies" that offer strata as a "downstream version of their property management software."

- **Development Pace:** “In the last 10 years, the level of development has been comatose while the rest of the industry is streaking ahead”
 - **Note:** Ted’s observation about “comatose” development appears dated - MRI Strata Master v14 released recently with significant updates, AI integration via Merlo launched 2021-2024

1.4.3 First External User

- **Location:** Western Australia
- **Current State:** Using old Netstrata software
- **Status:** “Hell-bent” to migrate to new software
- **Netstrata Position:** “We’re not ready for them yet”
- **Strategic Value:** Will be test case for external migration
- **Advantage:** Netstrata knows “all the things that can go wrong or will go wrong” from own migration
- **Size:** Smaller business than Netstrata, “should be relatively easier”
- **Reality Check:** “These changes are always a nightmare”

1.4.4 Western Australia Market Context⁹

Market Size: WA represents a significant but distinct market with 52,540 strata schemes managing 260,680 lots valued at \$112 billion¹⁰ - substantially smaller than NSW’s 1M+ lots but mature and professionally regulated.

Most Likely Scenario for “WA Customer”: WA residents investing in NSW properties managed by Netstrata (most common pattern for interstate strata management relationships). Less likely scenarios include WA strata managers licensing Netstrata’s technology or seeking strategic advisory services.

Regulatory Differences from NSW:

- Different legislation: Strata Titles Act 1985 (WA) vs. SSMA 2015 (NSW)
- Dispute resolution: SAT centralized system vs. NCAT/Fair Trading dual approach
- Manager qualifications: Certificate IV mandatory (WA 2024 reforms) vs. committee training focus (NSW)
- Annual reporting: Landgate returns (WA) vs. NSW Strata Hub + 6-monthly function records

Cross-State Software Dynamics:

⁹Western Australia Strata Market Research. Comprehensive analysis of WA strata management market size, regulations, competitive landscape, and cross-state software dynamics. Primary source: https://cityfutures.ada.unsw.edu.au/documents/769/Australasian_Strata_Insights_2024_Report.pdf

¹⁰Australasian Strata Insights 2024 Report. https://cityfutures.ada.unsw.edu.au/documents/769/Australasian_Strata_Insights_2024_Report.pdf. WA had 52,540 strata schemes and 260,680 lots registered in 2022, valued at approximately \$112 billion.

- **National platforms dominate both markets:** MRI Strata Master (750,000 lots nationally) and StrataMax (650,000 lots) serve both NSW and WA with state-specific compliance modules¹¹¹²
- **Why WA uses NSW-developed solutions:** NSW represents 38% of national market, making it the natural innovation center; software vendors must support NSW's complex regulatory environment first, then adapt to other states¹³
- **PropTech arbitrage opportunity:** "Build in NSW, license nationally" - automation tools developed for NSW's complex compliance can be adapted to WA's simpler requirements at marginal cost

Strategic Implications:

- **Interstate expansion barriers:** Traditional geographic expansion (opening WA office) faces significant hurdles including dual compliance systems, WA-specific qualifications, and entrenched 30-35+ year local competitors
 - **Technology-driven expansion viable:** Software platforms, automation tools, and advisory services have higher viability - this is the PropTech model demonstrated by MRI Software's acquisition of Rockend¹⁴
 - **Competitive positioning:** If developing automation tools (NSW Strata Hub upload, compliance dashboards), emphasize national licensing potential to WA strata managers facing identical data entry burdens
-

1.5 Company Structure & Operations

1.5.1 Multiple Business Units

Core Business:

1. **Strata Management**¹⁵ (primary operations)
 - Residential, commercial, industrial, and BMC (Building Management Corporation) management
 - Community management and new development strata setup
 - Over 100 fully qualified staff, 50+ licensed strata managers
 - Manages 1,000+ buildings with ~30,000 apartments across Sydney, Newcastle, Wollongong

¹¹Strata Management Software | Strata Master Connect | Australia. <https://www.mrisoftware.com/au/products/strata-master/>. Fully integrated with Merlo AI for automated admin tasks, enterprise-grade trust accounting and reporting. Manages 750,000 strata lots across Australia/NZ with 6,000+ clients.

¹²StrataMax Home. <https://www.stratamax.com/>. Leading provider of strata management software in Australia with 25+ years experience, manages 650,000 lots Australia-wide.

¹³2020 Australian strata statistics every strata manager should know. <https://blog.higgins.com.au/blog/2020-australian-strata-statistics-every-strata-manager-should-know>. NSW accounts for 38% of total lots managed nationally, first state to surpass 1 million strata lots.

¹⁴MRI Software Acquires Rockend | MRI Software. <https://www.mrisoftware.com/uk/news/mri-software-acquires-rockend-property-strata-management-software-australia-new-zealand/>. Rockend is leading ANZ real estate technology provider with 6,000 clients managing 750,000 strata lots.

¹⁵Netstrata Strata Management Services. Source: Netstrata Our Story. Founded 1996 by Ted Middleton as Network Strata Services, initially managing 118 lots. Now manages 1,000+ buildings with ~30,000 apartments. Over 100 fully qualified staff, 50+ licensed strata managers. "Largest organically grown strata management business in NSW." Services include residential, commercial, industrial, BMC management, community management, and new development strata setup.

Subsidiary Companies & Related Brands:¹⁶

2. Strata Insurance Services (SIS)¹⁷

- Insurance broking for residential and commercial strata schemes
- Wholly owned subsidiary
- Over 20 years' experience, staff qualified in insurance broking and strata management
- **McGrathNicol Issue:** 0% commission model introduced after review found conflicts of interest

3. Moirs Law¹⁸

- Legal services for strata, development, construction, and insurance industries
- Expert legal advice and debt recovery operations
- Subsidiary law firm (Ted referred to as "in-house legal")

4. Accounting Services (Internal function, not separate subsidiary)

- In-house accounting and tax accounting capabilities
- Manages client trust accounts and scheme finances
- Overseen by Helen Wong (Company Secretary, CPA)

5. Trade Services (Multiple subsidiaries):

- **Winfire**¹⁹: Fire safety equipment compliance, maintenance, certification
 - Members of Fire Protection Association Australia
 - Fire technicians, electricians, carpenters, plumbers
- **Resolute Maintenance Group**²⁰: General maintenance, safety repairs, carpentry, locksmith
- **PG Martin Plumbing**²¹: Gas detection, burst-pipe locating, hot water systems, jetting services

6. Evolve Reporting²²

- Insurance valuations and Capital Works Fund reporting
- Detailed, reliable insurance valuation reports for strata properties

¹⁶Netstrata Group Subsidiary Brands. Source: Netstrata Expert Services - Our Related Brands. Comprehensive listing of all subsidiary companies and related brands under Netstrata Group.

¹⁷Strata Insurance Services (SIS). Source: Netstrata Our Brands. Wholly owned subsidiary specializing in insurance for residential and commercial strata schemes and community associations. Over 20 years' experience. Staff hold qualifications in insurance broking and strata management. Website: stratais.com.au. **Note:** McGrathNicol review (2024) found conflicts of interest with commission arrangements; 0% commission model introduced subsequently.

¹⁸Moirs Law. Source: Netstrata Our Brands. Subsidiary law firm providing expert legal services tailored to strata, development, construction, and insurance industries. Offers legal advice and representation for disputes and compliance matters. Website: moirslaw.com.au.

¹⁹Winfire. Source: Netstrata Our Brands. Fire safety services subsidiary. Members of the Fire Protection Association Australia. Accredited fire safety technicians, electricians, carpenters, and plumbers ensuring fire safety equipment compliance, maintenance, and certification. Website: winfire.com.au.

²⁰Resolute Maintenance Group. Source: Netstrata Our Brands. Maintenance services subsidiary providing general maintenance, safety report repairs, pressure cleaning, locksmith services, and carpentry for strata property owners. Team holds locksmithing, carpentry certifications, and fire safety technician accreditation.

²¹PG Martin Plumbing. Source: Netstrata Our Brands. Plumbing services subsidiary. Fully qualified plumbers delivering gas detection, burst-pipe locating, hot water system servicing, and jetting services for strata property owners.

²²Evolve Reporting. Source: Netstrata Our Brands. Insurance valuation services providing detailed, reliable insurance coverage reports and Capital Works Fund reporting for strata schemes. Delivers accurate reports and actionable insights for strata property protection.

7. **Strata Space**²³ (Software/Technology)

- Proprietary software design and development
- Mobile app platform ("Netstrata Space Mobile App")
- Technology integration for operational efficiency
- **Note:** This is the "\$12-14 million software" Ted discussed extensively

1.5.2 Management Changes (2025)

- **Scale Problem:** "Too many businesses" for one person (Stephen) to manage
- **Solution:** Created COO role for Andrew Tunks
- **Andrew's Background:**
 - Previously "Associate Director of Training and Development"
 - Long tenure at Netstrata (implied senior, experienced)
- **Andrew's New Scope:**
 - Strata and allied operations (core business)
 - Valuations
 - Trade services
 - Possibly insurance
- **Stephen's Role:** Still managing director of "whole show" but delegated operational responsibility

1.5.3 Other Recent Management

- **Compliance Manager: Dan Clark**²⁴ (Ted said "Dan something rather" - full name verified as Dan Clark)
- **Official Title:** Group Risk & Compliance Manager
- **Description:** "Outside guy" brought in
- **Background:** 10+ years expertise in risk and compliance frameworks across Australia and US
 - Consultancy company involvement
 - Ted: "That wasn't really voluntary it was imposed upon it"
 - "You guys are a consultancy company helping you do a full profile"
 - Context: Appears related to McGrathNicol review remediation requirements
- **Cost:** "Very expensive"
- **Ted's Knowledge:** "I know what he looks like" but struggled to remember full name during conversation

²³Strata Space. Source: Netstrata Our Brands. Proprietary software design and development subsidiary integrating technology into strata management. Specialized software and mobile app platform ("Netstrata Space Mobile App") for operational efficiency. **Note:** This is the proprietary software Ted discussed extensively in the conversation, representing an estimated \$12-14 million total investment (timeframe unclear: could span 9-14 years from 2011 takeover or 2016 rebuild through 2025/2026 expected completion).

²⁴Dan Clark - Group Risk & Compliance Manager, Netstrata. Source: Netstrata Our Team. 10+ years expertise in risk and compliance frameworks across Australia and US.

1.6 Key Personnel

1.6.1 Executive Leadership

1. **Ted Middleton**: Founder, Chairman of the Board
2. **Stephen Brell**²⁵: Managing Director
3. **Helen Wong**²⁶: Company Secretary, CPA (Ted incorrectly referred to her as "CFO" - actual title is Company Secretary)
4. **Andrew Tunks**²⁷: Chief Operating Officer (promoted 2025)

1.6.2 IT Leadership

1. **Tom Bacani**²⁸ (Speech-to-text transcribed as "Tom Bakani"):
 - From Philippines
 - Official title: Product & Delivery Lead IT
 - Heads software operations ("All the software operations")
 - Senior position - "Tom's certainly the head of the IT, the software operations"
 - Likely senior to Epi
 - **Ted's Note:** "I'm never quite sure what Tom actually does, but, you know, I mean, it's his crew that do all the work, I expect"
 - **Visa History:** Originally came to Australia on Netstrata-sponsored visa (Philippines)
 - "Then he went off and worked for somebody else and, you know, backwards and forwards. And finally, you know, he came back to us, I think maybe a year or so ago"
2. **Epi Mito**²⁹:
 - From Brazil (per Ted's recollection)
 - Heads IT/hardware infrastructure ("IT or the hardware and everything connected to everything else")
 - "Runs all the nuts and bolts"
 - "Which is essentially all the nuts and bolts"
 - Works "hand in glove" with Tom

²⁵Stephen Brell - Managing Director, Netstrata. Source: Netstrata Our Team. Licensed strata managing agent, real estate agent, and registered property valuer with 20+ years industry experience. Licensee-in-charge since 2001; commenced career at Netstrata in 1996.

²⁶Helen Wong - Company Secretary, CPA, Netstrata. Source: Netstrata Our Team. Broad experience in company secretarial, compliance, risk management, and strategic planning. Joined Netstrata in 2004; oversees client trust accounts and new account transitions.

²⁷Andrew Tunks - Chief Operating Officer, Netstrata. Source: Netstrata Our Team. 15+ years in property industry. Joined Netstrata in 2008 as strata manager; won SCA NSW Young Strata Manager of the Year (2016); finalist 2017 & 2018. Oversees learning and development. Promoted to COO in 2025.

²⁸Tom Bacani - Product & Delivery Lead IT, Netstrata. Source: Netstrata Our Team. Also referenced on LinkedIn as Delivery Lead | Product Owner (CSPO). Background includes Bachelor of Business Computing and Information Systems from University of Western Sydney.

²⁹**UNVERIFIED:** "Epi Mito" - This name could not be verified through Netstrata's official team page or web searches. This may be: (1) a nickname or shortened version of a longer name, (2) a speech-to-text transcription error, (3) someone not publicly listed on the website, or (4) Ted misremembering the name. The role description (IT/hardware infrastructure manager from Brazil) was provided by Ted during the conversation but remains unconfirmed.

1.6.3 HR

- **Cheryl Williams**³⁰: People and Culture Manager (HR)
 - Key contact for employment discussions
 - Ted suggested: "First person I'd get you to talk to"

1.6.4 Family Connections at Netstrata

- **Ted's Daughters**: Both work at company
 - **Jessica Middleton**³¹: Licensed strata manager (License #20141350), at Netstrata since 2007, started at reception desk
 - Other daughter: Works remotely (lives 1000km away), part-time
 - **Stephen's Sister**: Works at company
 - **Another Director's Daughter**: Works reception
 - **Ted's Comment**: "There's a fair bit of incest in the place" (meaning family connections common)
 - **Hiring Philosophy**: "More about capability of people... nothing else"
-

1.7 Technology Infrastructure

1.7.1 Office Migration (Recent)

- **Major Change**: Moved to new office
- **Infrastructure Decision**: "Junked all the old servers"
- **Rationale**: No point moving equipment that would need immediate updating
- **Avoided**: "Jangled system where you're partly on the cloud and partly in the office"
- **Approach**: "Had to go the whole nine yards"
- **Reality**: "Didn't go entirely smoothly... eventually we got it all done"
- **Unexpected Issues**: "There's always things you never think of"

1.7.2 Cloud Strategy

- **Current State**: Everything cloud-based
- **Description**: "Now everything is a giant drain pipe going into the cloud"
- **Phone System**: "Complete Zoom phone system. Audio, video, all our phones in the Zoom"

³⁰Cheryl Williams - People and Culture Manager, Netstrata. Source: Netstrata Our Team. Joined early 2021. Senior management experience across corporate and blue-collar sectors; specializes in employee relations and performance management.

³¹Jessica Middleton - Licensed Strata Manager (License #20141350), Netstrata. Source: Netstrata Our Team. At Netstrata since 2007; started at reception desk; dedicated to client education. One of Ted Middleton's daughters.

- **Recording:** Conversations and meetings recorded
- **Transcription:** AI-powered (Zoom feature)

1.7.3 Philippines Office

- **Structure:** “We’ve got an office in the Philippines... but it’s a separate company that employs the people there and they do work”
 - **Complexity:** “It’s a bit complicated”
 - **Work Type:** “The sort of work they do is in fact the very sort of work that AI or much smarter [software] will ultimately take up”
 - “It’s not client-facing work”
 - “It’s not work that requires skill and care”
 - “Ultimately the work that... the other sort of things that AI will take over”
 - **Future:** Uncertain if expanding work sent there (“I don’t know whether we’re increasing the amount of work that goes to them”)
-

1.8 Ted’s Perspective on AI

1.8.1 AI Limitations (Ted’s Views)

- **Good At:**
 - Predictive tool
 - Predictive index tool
 - Making best guesses with hard data
- **Not Good At:**
 - Thinking
 - Handling situations requiring actual reasoning
 - **Problem:** “Instead of thinking, it just guesses”
 - **Hallucinations:** “When it runs out of hard data... that’s when... they hallucinate or something”

1.8.2 Personal Experience with AI

- **Zoom Transcription:**
 - Two-hour meetings abbreviated to ~12 pages
 - Mixed quality: “Some of it’s good... until you get to somebody say, what? Where did that come from?”
- **Director Feedback:** Others sharing examples of bizarre AI outputs

1.8.3 AI vs. Good Software

- **Ted's Opinion:** "A lot of crossover between what is very good software and what is AI"
 - **Distinction Issue:** Line between sophisticated software and AI unclear
-

1.9 8A. Terry's AI Expertise Explanation (To Ted)

1.9.1 Professional-Level AI Usage

- **Experience:** "We are using it on the professional level, like for the last couple of years already"
- **Distinctive:** Not media hype, but practical professional application
- **Current Company:** Both Terry and his current employer use AI professionally

1.9.2 Deterministic Results Approach

- **Core Value:** "It is so good at creating deterministic stuff"
- **Key Insight:** "I don't need it to be accurate when I know the deterministic result that I want"
- **Process:** "Whatever that I want, it will spend a lot of time doing its own thing and eventually creating the output that we want. Then we can take a look at it. You got the result, right? Okay, that's good. So it works."
- **Example:** "Like I want one plus one equal to two, right? So rate me something that will bring this to stuff equal to two, then it will spend a lot of time without us doing the work. And we'll create it. And bam, it's done."

1.9.3 Future Vision

- **Transformation:** "In the future, especially in software industry, product manager can directly create what they want because they are the people who really knows what's needed"
- **Empowerment:** Human defines desired outcome, AI generates implementation
- **Acknowledgment of Limitations:** "They are crazy sometimes. They can be wrong sometimes. Everyone's right about that. But... I don't need it to be accurate when I know the deterministic result that I want"

1.9.4 Core Message to Netstrata

- **Value Proposition:** "This is perhaps the core message or mission that I hope I can bring to the table of the company or something that if something can be aligned in this way"
-

1.10 Employment Opportunity Assessment

1.10.1 Terry's Proposal

- **Willingness to Visit:** "I prepare as far as I taking up to five days to one week off from my current job. I'll self-fund myself to go to your company and to explore as much as I can"
- **Materials Prepared:** "I do have three documents prepared already. They probably totally sound irrelevant, but I'll send you anyway"
- **Approach:** "I would like to know if I can contribute or not" - focused on capability assessment, not forcing employment
- **Concern About Favoritism:** "I hate my boss bringing in some people that they know and their relatives and friends... I'm not those people"
- **Balance Sought:** "I do know you personally, I do have kind of special relationship with you, but I'm not those people... like I'm not those hazards like that favoritism"

1.10.2 Terry's Background Context

1.10.2.1 Why Now vs. Earlier

- **Earlier Hesitation** (when first came to Canada):
 - "I was too new to the Western world. It's like 10 years away from the Western world, it's like starting over again"
 - "I wasn't sure I can... make a contribution. If not just hurt you in a way that you can't imagine"
 - "I wasn't hands-on on software for so long. Even talking to your guy would make me nervous"
- **Current Confidence** (2025):
 - "Things are totally different now"
 - "I've had multi years of experience here. I've got to meet so many people and I've polished my business skills back in so-called Western world"
 - "I've had numerous success" (excluding mushroom endeavor)
 - "Everything has been on the uphill... everything turns out to be okay"
 - **Key Realization:** "I kind of understand that I am needed everywhere"
 - Ted's Assessment: "You've got marketable skills... with wide application"

1.10.3 Ted's Openness

- **Willingness:** "I'm happy to do what I can for you"
- **Mutual Benefit:** "If there's something we can somewhat, if we can be of mutual assistance to one another"
- **Condition:** "You can help out our company and we can use your skills, sure"

1.10.4 Critical Obstacles Identified

1.10.4.1 1. Work Visa (Primary Concern)

- **Status:** “Honestly, I know nothing about zero, like just nothing about what the state of play is with that”
- **Current Belief:** “I don’t believe we have any sponsored employees working for us now”
- **Historical Precedent:**
 - Have sponsored employees in the past
 - Tom Bakani (software operations head) was originally sponsored from Philippines
 - “And there may have been others, I think”
 - **Field Limitation:** “It’s only ever been in the IT field, IT or software field, where we’ve sponsored people”
 - Geographic source: Philippines (mentioned specifically)
- **Requirements:** Specialized skills in specific areas (IT/software roles)

1.10.4.2 2. Age/Time Horizon

- **Direct Quote:** “The difficulty you’ve got, let’s be honest, is your age”
- **Working Life Left:** “15-16 years of working life ahead of you”
- **Retraining Concern:** “If you’ve got to spend several years of that... completely retraining your brain it’s a big hole in what you’re going to achieve”
- **Assessment:** “What you’re planning is extremely ambitious”
- **Age Comparison:** “If you were 20 years younger, I’d say, okay, you’ve got plenty of time”

1.10.4.3 3. Family/Relocation

1.10.4.3.1 Terry’s Position

- **Mental Preparation:** “I re engaged this conversation because I already had the mental preparation to go to the military already. So, so that’s basically like visiting home once a year, or even less or even every other month. So that’s meant I’ve mentally prepared for this. As a matter of fact, they’ve been mentally prepared for this for quite some time already”
- **Australia vs. Military:** “Going to Australia seems be less of a problem becoming. I know it’s an even longer flight. I understand that”
- **Long-term View:** “It’s more future proof, meaning that if the long term pathway is to try to find a new settlement, like basically leaving Canada, I guess it’s worth the explore of imminent a few years to make the sacrifice of exploring on my own while Mandy is here taking still taking care of the kids while they are going to the university”
- **Parenting Philosophy:** “I do treasure every moment while we’re still together. But I guess it’s going to be a long process, like parenting... it’s going to take a long time and as long as we try to live longer and to spend more quality time from time to time i guess it’s at least good for me”
- **Financial Independence Goal:** “More importantly is that we ourselves career-wise and future-proof wise that mandy and i can have a better preparation for our future financial life so that we won’t give any more burden to them”

1.10.4.3.2 Ted’s Reality Check

- **Commute Reality:**
 - Vancouver to Sydney flight difficult
 - Outbound: “Late at night, so there’s a good chance you can sleep by half the flight”
 - Return: “Leaves at 10 in the morning... by the time you get there, you’re about ready to go to sleep and it’s six in the morning”
 - “It’s not a very pleasant commute, I have to tell you”
 - Time zone challenges
- **Children’s Timeline:**
 - August already left school
 - Ted spoke to her “a week or two ago”
 - Ted’s prediction to Terry’s mom: “In the next few years, those girls will leave home... August probably first and then... I don’t think Amber will be that far behind her”
 - Reality: “They go out and they make their own lives. Maybe they don’t want to live in Vancouver or... their studies take them somewhere else. Or the people, other people they meet... sort of influences on what they do”
 - Influence shift: “It’s a hard realisation as a parent to come to that ultimately your children listen to their friends far more than they listen to you. And it happens to all of us”
- **Event Horizon:** “Well, that’s got an event horizon already, hasn’t it?”

1.10.5 Ted’s Earlier Advice (Recalled)

- **Property First:** When you first came to Canada with money from China property sale
- **Strategy:** “Buy a home first. Get your home because that’s the anchorage. Then with whatever you got left, or whatever, then you can speculate.”
- **Observation About Mandy:** “Complete change... a lot more settled when you moved into the home”
- **Nesting:** “Women are the nest makers in our families... when they’ve got the nest of their own”

1.10.6 Work Visa Pathway Analysis³²

Ted’s reference to the “#1 obstacle” is **legitimate and significant**, but multiple pathways exist through Australia’s **Skills in Demand visa (Subclass 482)**, which replaced the TSS visa on December 7, 2024. The pathway chosen depends on salary level, occupation mapping, and strategic goals.

1.10.6.1 Two Primary Streams Core Skills Stream

³²Australian Work Visa Research for IT Professionals. Comprehensive analysis of Skills in Demand visa (Subclass 482) pathways with detailed ANZSCO occupation mapping, “low-hanging-fruit” sponsorship scores, salary requirements, and LMT procedures. Primary sources: <https://immi.homeaffairs.gov.au/Documents/core-sol.pdf> (Core Skills Occupation List), [https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-market-testing-\(LMT\)-requirements](https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-market-testing-(LMT)-requirements), [https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/salary-requirements-\(Salary-requirements\)](https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/salary-requirements-(Salary-requirements))

- **Salary requirement:** AUD \$76,515+ (from July 1, 2025) or market rate, whichever higher
- **Occupation requirement:** Must be on Core Skills Occupation List (CSOL)
- **Labour Market Testing:** Required (2+ ads, 4 weeks, within 4 months pre-nomination)
- **Processing:** 30-47 days for 90% of applications
- **Pathway to PR:** Subclass 186 ENS after 2 years sponsored employment
- **CPTPP exemption:** Some categories exempt from LMT for Canadian citizens (category-specific, not blanket)

Specialist Skills Stream

- **Salary requirement:** AUD \$141,210+ (any eligible ANZSCO Major Groups 1, 2, 4, 5, 6)
- **No occupation list restrictions**
- **No labour market testing**
- **Processing:** 9-39 days (fast-track)
- **PR age exemption:** Bypasses under-45 requirement (critical for Terry at 49)

1.10.6.2 CSOL Occupation Mapping for Terry's Profile The table below shows **Core Skills Occupation List** codes ranked by “low-hanging-fruit” score (1-5) for sponsorship likelihood based on demand, salary vs AUD \$76,515 floor, typical LMT effort, and clean ad→ANZSCO mapping.

Score 5 (Very Sponsorable Now):

ANZSCO Title	Aliases	Key Buzzwords	Salary Range
224114 Data Analyst	BI Analyst, Reporting Analyst, Analytics Engineer	SQL, Power BI/Tableau, dbt, KPI dashboards	AUD \$80K-\$120K
261313 Software Engineer	Backend Engineer, Full-Stack, ML Engineer, Platform Engineer	Distributed systems, microservices, CI/CD, cloud IaC	AUD \$90K-\$150K
261312 Developer Programmer	Software Developer, Application Developer	Java/.NET/Node, REST, unit tests, SDLC	AUD \$85K-\$130K

Score 4 (Good Sponsorship Prospects):

ANZSCO Title	Aliases	Key Buzzwords	Salary Range
224115 Data Scientist	ML Scientist, Applied Scientist	Python, scikit-learn, PyTorch, A/B testing, NLP	AUD \$100K-\$140K
261314 Software Tester	QA Engineer, Test Automation Engineer	Selenium/Playwright, API testing, CI	AUD \$80K-\$110K
261316 DevOps Engineer	SRE, Platform Engineer	Kubernetes, Terraform, observability, SLOs	AUD \$100K-\$140K
261315 Cyber Security Engineer	Security Engineer, Security DevOps	SIEM, EDR, cloud security, IaC policies	AUD \$100K-\$150K

ANZSCO Title	Aliases	Key Buzzwords	Salary Range
262111 Database Administrator	Data Platform Engineer, SQL Server/Oracle DBA	HA/DR, replication, tuning	AUD \$90K-\$130K
261111 ICT Business Analyst	Product Analyst, Technical BA	Requirements, process modelling, user stories	AUD \$85K-\$120K
263111 Computer Network & Systems Engineer	Cloud Network Engineer	Routing, SD-WAN, cloud networking	AUD \$90K-\$130K

Score 3 (Workable with Right Job Ad):

ANZSCO	Title	Key Consideration
224116	Statistician	Sponsorable in health/gov analytics teams
261317	Penetration Tester	Niche but sponsorable with OSCP credentials
262116	Cyber Security Analyst	Target senior SOC roles to clear AUD \$76,515
262113	Systems Administrator	Target senior cloud-heavy roles near TSMIT
263112/263113	Network Administrator/Analyst	Ensure seniority for salary
261399	Software & Apps Programmers nec	Use when other codes don't fit (Game Dev, Mobile, Embedded)

Score 2 (Niche/Mapping Challenges):

ANZSCO	Title	Challenge
261212	Web Developer	Many roles under TSMIT; target senior front-end/lead
232414	Web Designer	Creative roles often below salary floor

1.10.6.3 Strategic Occupation Mapping for Terry Based on Terry's profile ("AI/automation expertise, production Telegram bot, enterprise integration, rapid prototyping"), the **best-fit CSOL codes** are:

Primary Options (Score 5):

1. **261313 Software Engineer** - Platform Engineer / Automation Specialist alias
 - Duties: Design distributed automation systems, CI/CD pipelines, cloud infrastructure-as-code for compliance workflows
 - Salary target: AUD \$110K-\$130K (well above TSMIT)
 - LMT effort: Standard (28 days, 2 platforms)
2. **261312 Developer Programmer** - Python Automation Developer alias
 - Duties: Develop enterprise automation solutions, API integrations, workflow orchestration systems
 - Salary target: AUD \$100K-\$120K

- LMT effort: High ad volume makes compliance straightforward

Secondary Options (Score 4-5): 3. 224114 Data Analyst - Analytics Engineer alias (if emphasizing data pipeline work)

- Duties: Build ELT pipelines, dbt models, automated reporting dashboards
 - Salary target: AUD \$95K-\$115K
4. **261316 DevOps Engineer** - Platform/Automation Engineer alias
- Duties: Kubernetes orchestration, Terraform IaC, observability systems
 - Salary target: AUD \$115K-\$135K

1.10.6.4 Employer Sponsorship Requirements for Netstrata Standard Business Sponsorship (SBS) Approval:

- Demonstrate lawful operation, financial viability, training commitment
- Processing: 4-6 weeks
- Cost: AUD \$420

Position Nomination:

- Document role with duties matching ANZSCO description line-by-line
- Conduct labour market testing (Core Skills only): 2+ national websites (Seek, Jora), 28 days, within 4 months pre-nomination
- Pay market salary: AUD \$76,515+ or higher if market rate demands
- Cost: AUD \$330

Ongoing Obligations:

- Maintain employment contract, pay benefits, cooperate with audits
- Cannot transfer visa costs to employee
- Penalties for non-compliance: Up to AUD \$82,500 per violation for corporations

Total Cost Analysis:

- **Employer costs:** AUD \$5,550-\$7,950 (SBS, nomination, Skilling Australians Fund levy)
- **Employee costs:** AUD \$4,615-\$5,515 (visa fees, skills assessment, health exams)
- **Combined:** AUD \$10,165-\$13,465
- **Timeline:** 2-4 months total

1.10.6.5 International Trade Obligations (CPTPP Exemption for Canada) Canada is a CPTPP signatory, but LMT exemptions are **category-specific, not blanket**. Employers must check:

- Home Affairs LMT page
- CPTPP treaty schedules
- Whether the specific ANZSCO code qualifies

Most IT roles still require LMT unless Netstrata can demonstrate specific ITO applicability.

1.10.6.6 Age Considerations (Critical for Terry at 49) Temporary 482 visa: NO age restrictions - fully eligible

Permanent Residency pathways:

- **Standard ENS (Subclass 186):** Under-45 requirement applies
- **High-income exemption:** Available if earning AUD \$141,210+ on Specialist Skills stream
- **Long-term residence exemption:** Extended 482 visa history may qualify

Strategic Recommendation for Age: If Terry can negotiate AUD \$141,210+ salary, use **Specialist Skills stream** to:

- Bypass LMT (faster, cheaper)
- Access PR age exemption immediately
- Avoid CSOL occupation mapping constraints

If salary is AUD \$100K-\$130K range, use **Core Skills stream** with:

- **261313 Software Engineer or 261312 Developer Programmer** ANZSCO mapping
- Standard LMT process (28-day ads on Seek + Jora)
- Plan for 2-year 482 visa, then assess PR options at age 51-52

1.10.6.7 Tom Bacani Precedent Netstrata's Product & Delivery Lead IT was originally sponsored from Philippines, demonstrating existing familiarity with international recruitment processes. While specific visa pathway details are unclear, this precedent shows Netstrata has:

- Successfully navigated SBS approval
- Managed sponsorship compliance obligations
- Integrated international hires into IT leadership

1.10.6.8 Strategic Recommendation Summary If Netstrata can justify AUD \$141,210+ (Specialist Skills stream):

- **Best option:** Bypasses all LMT, fastest processing, PR age exemption
- **Role:** Strategic Technology Advisor / Chief Automation Architect
- **Timeline:** 2-3 months

If salary is AUD \$100K-\$130K (Core Skills stream):

- **Best ANZSCO code:** 261313 Software Engineer (Platform/Automation Engineer)
- **LMT requirement:** 28-day ads on Seek + Jora documenting unsuccessful local recruitment
- **Timeline:** 3-4 months
- **PR pathway:** Assess after 2 years (age 51); may require high-income pathway by then

Key Insight: Ted's "#1 obstacle" reference is accurate - employer sponsorship requires substantive commitment (AUD \$5,550-\$7,950 costs, 2-4 months timeline, ongoing compliance). However, the pathway is **well-established, legally clear, and achievable**, especially given:

1. Netstrata's Tom Bacani precedent (existing sponsorship capability)
 2. Terry's skills map cleanly to high-demand CSOL occupations (Score 4-5)
 3. Salary ranges for software/automation roles (AUD \$100K-\$150K) comfortably exceed TSMIT
 4. Ted's decision-making authority as Chairman to approve strategic investment
-

1.11 Process & Next Steps

1.11.1 Immediate Actions (Ted's Instructions)

1. **Send Materials:** "Send me what you've got. Or what you think is useful"
2. **Primary Contact:** "First person I'd get you to talk to is Cheryl... Cheryl Williams" (HR Manager)
3. **Her Value:** "She can give you more of a hands up"

1.11.2 Timing Constraints

- **Current Date:** November 4, 2025
- **Ted's Availability:**
 - Very limited until end of November
 - **Reason:** Board meeting season
 - "Today I got the first of my board agendas"
 - Expects 5-6 more: "I'll get another one, two, three, five, six of them in the next week or so"
 - **AGM & Board Meetings:** November 25 & 27, 2025
 - **Workload:** "Just before we talked, I started working on the first agenda. The smaller ones are easy, but it gives me a bit of a start on it. When I get the main one, it's a real grind for a couple of weeks"
 - **Quote:** "I may not be able to devote much attention" until after these meetings
- **Home Situation:**
 - Multiple renovations ongoing (bedrooms/bathrooms)
 - "I'm getting the [bedrooms] renovated and they're still working on the en suite"
 - "I've got one bathroom finished. The other ones, well, they said they'd be finished next Monday"
 - "My house is a bloody shit fight at the moment"
 - Context: "Whenever you've got building work going on, there's dust and noise and most of that fortunately is finished"
 - Workers "come in and go in all the time"
 - Outside work also happening: "I'm getting some work done outside as well"

- **Window:** “If you’re going to talk... make it this week, because from next week onwards, I’m going to be handcuffed to the desk here”

1.11.3 Review Timeline

- **If Busy:** Will look “as soon as I can”
- **If Can’t Before Month End:** “Immediately after that” (post-November 27)
- **Current Work:** Started on first (smaller) agenda
- **Main Agenda:** “Real grind for a couple of weeks”
- **Ted’s Options:** “I’ll speak to Cheryl, our HR manager. Or I can send it to her”
- **Attention Constraint:** “To devote reasonable attention to it, it’s just this particular time of the year... starting in the next few days, it’s going to get really busy for me”

1.11.4 Closing Exchange

- **Terry:** “Thanks for accommodating, Pat. And I truly believe that you’re trying everything you can to try to accommodate what I’m trying to explore. And I truly appreciate it. And I’ll send you something”
 - **Ted:** “I’ll do the best for you, okay?”
 - **Terry:** “Okay, great. Thank you for your time. I’ll talk to you later.”
 - **Ted:** “See you.”
-

1.12 Software Development Philosophy

1.12.1 Design Approach

- **Origin:** “Designed a decade ago. What’s the wish list?”
- **Evolution Problem:** “Wish list has been growing faster than the software”
- **Priority:** “Working to make it as efficient as possible, not as marketable as possible”

1.12.2 Industry Sophistication

1.12.2.1 Terry’s Software Industry Positioning Suggestion

- **Model Proposed:** “Everything software can do in the future, if anyone wants to make money in software, we have to make it somewhat in a way that is SAAS, like, software as a service”
- **Pricing:** “Charge it on a recurring basis”
- **Customization Layer:** “There’s another component that’s very important as to enabling everyone else to believe that they can customize on an API or SDK level”

- **Rationale:** “It’s a very boutique. Every place have different needs. So we do infrastructure and then we allow them to customize where and whichever way they like that to be”

1.12.2.2 Ted's Response

- **Reality Check:** “You’re actually reading a bit more sophistication into the industry than actually exists”
- **Harsh Truth:** “Most people haven’t got a fucking clue what they want to do”
- **Netstrata’s Alternative Strategy:** “We’ve got a long ago devised what we thought was a perfect way to sell the software. And that is not to sell it, but to give it away”

1.12.3 Value Proposition

- **What Software Does:** Things competitors think “that’s just not possible”
- **How:** Not explained in detail, but “we designed the decade ago”
- **Industry Reaction:** “They’re looking at and going, how the hell are they doing that?”

1.12.4 Likely “Impossible” Capabilities Analysis³³

Ted’s cryptic comment about competitors looking at their software and thinking “how the hell are they doing that?” likely refers to **portfolio-scale NSW compliance automation** that generic property management software and bank-provided payment solutions cannot replicate. Based on NSW regulatory requirements, technical feasibility from 2015-2016, and competitive software limitations, the most probable capabilities are:

1.12.4.1 1. Portfolio-Scale NSW Strata Hub Compliance Automation (High Probability) Capability: Automated bulk upload of 2,000+ schemes to NSW Strata Hub API with schema-accurate mapping of AGM timing, contacts, AFSS status, and change events within regulatory deadlines (AGM + ≤3 months, 28-day update windows).³⁴

Why Competitors Can’t Replicate: Requires deep NSW-specific data modeling, event-sourcing audit trails, and scheduler + rules engine integration. Off-the-shelf products added Strata Hub support late via manual CSV exports; banks focus on payments, not regulatory payloads.³⁵

³³Analysis of Netstrata’s Unique Software Capabilities. Research synthesis of portfolio-scale NSW compliance automation capabilities that competitors cannot replicate, based on regulatory requirements (2015-2025), technical feasibility (2016-era microservices/BPMN/rules engines), and competitive software limitations (bank-provided payment solutions vs. generic property management platforms).

³⁴Strata reporting using API integration. NSW Government. <https://www.nsw.gov.au/housing-and-construction/strata/strata-publications/strata-reporting-using-api>. Documents API option for bulk Strata Hub reporting with schema-accurate mapping of scheme data, AGM timing, contacts, and AFSS status.

³⁵Strata annual reporting. NSW Government. <https://www.nsw.gov.au/housing-and-construction/strata/annual-reporting>. Annual reporting must occur within 3 months of AGM; updates within 28 days. \$3/lot fee, \$5,500 late penalty.

Technical Architecture (2016-Era): Microservices architecture with schemes, compliance-calendar, and nsw-hub-adapter services; BPMN workflow engine encoding AGM deadlines; queue-backed retry with idempotent upserts; append-only audit logs.³⁶

Regulatory Context: From June 11, 2024, NSW mandated electronic record-keeping for communications; annual reporting must occur within 3 months of AGM.³⁷

1.12.4.2 2. Real-Time Trust Accounting and Levy Orchestration Across 2,000+ Schemes (High Probability)

Capability: End-to-end trust account control with per-scheme subledgers, daily three-way reconciliations, ABA/BECS/BPAY batch generation, automated levy cycles, arrears escalations, and payment-plan governance under NSW audit rules.³⁸³⁹

Why Competitors Can't Replicate: Bank solutions (DEFT, StrataPay, Macquarie integration) center on receipting and reconciliation, not full strata trust-account control with arrears workflows.⁴⁰ Generic property management platforms lack deep ledger partitioning and daily balancing designed for NSW strata law.

Technical Architecture (2016-Era): Per-scheme subledgers in single tenant or sharded database; immutable receipt streams; BPMN/Camunda workflow engine for payment plans; scheduled reconciliation jobs; ABA/BECS batch file generators.⁴¹

Competitive Gap: MRI Strata Master Connect, StrataMax, and Urbanise promote bank integrations for auto-reconciliation but don't claim portfolio-scale trust-account orchestration engines.⁴²⁴³⁴⁴

1.12.4.3 3. Rules-Based Document Automation and Electronic Records with Instant Retrieval (High Probability)

Capability: One-click generation of scheme-specific AGM packs, minutes, levy notices, Section 184 strata information

³⁶ Microservices. Martin Fowler. <https://martinfowler.com/articles/microservices.html>. Microservices and event-sourcing/CQRS patterns were mainstream by 2015-2016, well-suited to audit-heavy compliance domains with immutable event logs.

³⁷ Record keeping requirements - Strata. NSW Government. <https://www.nsw.gov.au/housing-and-construction/strata/serving-on-a-committee/record-keeping-requirements>. From June 11, 2024, communications records must be kept electronically; 7-year retention required under SSMA Section 180.

³⁸ Property and Stock Agents Regulation 2022. NSW Legislation. <https://legislation.nsw.gov.au/view/whole/html/inforce/current/sl-2022-0501>. NSW requires licensees to keep daily trust-account records with strict segregation, reconciliation, and audit requirements.

³⁹ Real estate trust accounts and audit requirements. NSW Government. <https://www.nsw.gov.au/housing-and-construction/property-professionals/supervising-an-agency/real-estate-trust-accounts-and-audit-requirements>. NSW Fair Trading guidance on trust-account record-keeping and audit requirements for licensees.

⁴⁰ DEFT set up and account options. Macquarie Help. <https://www.macquarie.com.au/help/business/deft/set-up-and-manage-deft/deft-set-up-and-account-options.html>. DEFT and StrataPay handle payments and automatic receipting but are payment-centric, not end-to-end strata trust-account orchestration.

⁴¹ Camunda Engine Evolution since Activiti Fork. Camunda Blog. <https://camunda.com/blog/2016/10/camunda-engine-since-activiti-fork/>. Mature BPMN workflow engines (Camunda/Activiti) were enterprise-ready by 2016 for orchestrating complex processes like levy cycles, arrears escalations, and payment-plan approvals.

⁴² MRI Strata Master Connect. MRI Software. <https://www.mrisoftware.com/au/products/strata-master/strata-master-connect/>. MRI promotes work orders, invoice approval, invoice extraction, supplier compliance, portals. No public claim of Strata Hub API automation or AFSS rules engine.

⁴³ Comprehensive Strata Software - StrataMax. StrataMax. <https://www.stratamax.com/What-is-StrataMax/Comprehensive-Strata-Software>. StrataMax promotes invoice workflow, portals, bank integrations including StrataPay auto-reconciliation. Focus on office processes, not NSW regulatory engines.

⁴⁴ Urbanise | Strata Management Software. Urbanise. <https://www.urbanise.com/strata>. Urbanise promotes levies/arrears automation, communications, maintenance; feature-complete but not NSW-specific rule automation engines.

certificates, and by-law inserts using canonical NSW forms data model; full-text retrieval of historical minutes/resolutions with 7-year retention compliance.⁴⁵

Why Competitors Can't Replicate: Requires non-AI rules engine (Drools-style) encoding NSW SSMA Section 180 retention rules and Section 184 certificate requirements with scheme-specific by-law variations.⁴⁶ Generic PM tools use basic templates without NSW-specific logic or compliance-grade audit trails.

Technical Architecture (2016-Era): Rule engine + template service for document generation; full-text search indexing all historical records; version-controlled template repository; document retention policy enforcement.⁴⁷

Regulatory Driver: NSW SSMA requires 7-year record retention; Section 184 certificates are time-bound and legally mandated; June 2024 electronic communications mandate.⁴⁸

1.12.4.4 4. End-to-End Electronic Voting with Pre-Meeting + In-Meeting Engine and By-Law Constraints

(Medium-High Probability) Capability: NSW Regulation 2016-compliant electronic voting system handling pre-meeting voting windows, election exclusions (elections cannot use pre-meeting voting), motion-amendment dependencies, weighted voting by unit entitlement, and cryptographic ballot audit trails.⁴⁹

Why Competitors Can't Replicate: Many vendors offer “online voting,” but few encode NSW Regulation 2016 edge cases precisely with immutable tallies and proofs. Requires workflow engine modeling notice periods, ballot issuance, closing times, and motion dependencies.⁵⁰

Technical Architecture (2016-Era): BPMN workflow engine + transactional store; rule checks blocking pre-meeting voting for elections; cryptographic receipt IDs; weighted voting calculations; motion dependency graph.

⁴⁵Strata Schemes Management Act 2015 No 50. NSW Legislation. <https://legislation.nsw.gov.au/view/html/inforce/current/act-2015-050>. NSW SSMA requires specific records (AGM minutes, resolutions, financial records, by-laws, insurance certificates, building defect reports) with 7-year retention under Section 180.

⁴⁶The G-ACM Tool: using the Drools Rule Engine for Access Control Policy Management. arXiv. <https://arxiv.org/pdf/1611.08547.pdf>. Rules engines like Drools were used pre-AI/ML era to externalize complex policy logic, well-suited for NSW strata compliance rules (Section 184 certificates, retention policies, by-law variations).

⁴⁷CQRS and Event Sourcing for dummies. Codurance. <https://www.codurance.com/publications/2015/07/18/cqrs-and-event-sourcing-for-dummies>. 2015-2016 technical patterns for document automation: rule engines + template services, event-sourcing for audit trails, full-text search indexing, version-controlled template repositories.

⁴⁸strata schemes management act 2015 - sect 184. AustLII. https://classic.austlii.edu.au/au/legis/nsw/consol_act/ssma2015242/s184.html. Section 184 strata information certificates are time-bound and legally mandated, must include scheme details, financial position, by-laws, insurance, building defects, pending legal proceedings.

⁴⁹Strata Schemes Management Regulation 2016. NSW Legislation. <https://legislation.nsw.gov.au/view/whole/html/inforce/2024-06-21/sl-2016-0501>. NSW Regulation 2016 defines “pre-meeting electronic voting,” prescribes ballot content/timing, excludes elections from pre-meeting voting, requires weighted voting by unit entitlement.

⁵⁰Owner and Committee Portals with Strata Communicator. Rockend Knowledge Base. <https://kb.rockend.com/help/owner-and-committee-portals-with-strata-communicator>. Rockend Strata Communicator offers owner portals with voting, but lacks public evidence of full NSW Regulation 2016 constraint encoding (pre-meeting voting exclusions, cryptographic audit-grade ballot chains).

Competitive Gap: Strata Communicator (Rockend) offers owner portals with voting, but lacks evidence of full NSW Regulation 2016 constraint encoding (e.g., pre-meeting voting exclusions, audit-grade ballot chains).⁵¹

1.12.4.5 5. Portfolio-Wide Life-Safety and AFSS Automation Aligned to AS 1851-2012 (Medium Probability)

Capability: Automated asset registers for Essential Fire Safety Measures (EFSMs), AS1851-2012 service interval tracking, contractor certification management, AFSS deadline calculation (annual/supplementary statements), and evidence vault integration across 2,000+ buildings.⁵²

Why Competitors Can't Replicate: Most platforms track work orders generically; few drive AFSS compliance windows portfolio-wide with building-specific evidence packs and automated council/FRNSW lodgment tracking.⁵³

Technical Architecture (2016-Era): Asset model for fire safety equipment; rules-based inspection/test interval scheduler (non-AI predictive scheduling); contractor portal integration; AFSS deadline calculator using building age/type; evidence document vault.

Regulatory Context: AS1851 specifies periodic servicing intervals; NSW requires annual (and supplementary) fire safety statements lodged with councils and Fire & Rescue NSW.⁵⁴

1.12.4.6 Competitive Moat Summary Technical Barriers:

- Compliance-grade NSW data models (schemes, by-laws, AGM cycles, AFSS assets)
- Immutable audit logs and event-sourcing patterns⁵⁵
- Government API integrations (Strata Hub, council portals)
- BPMN workflow engines tuned to NSW legislation

Domain Knowledge Barriers:

- Product designed by practicing strata managers (not generic PM software vendors)
- Decade of encoded NSW practice (AFSS, Section 184, AGM-anchored deadlines, trust accounting rules)

⁵¹Owner and Committee Portals with Strata Communicator. Rockend Knowledge Base. <https://kb.rockend.com/help/owner-and-committee-portals-with-strata-communicator>. Rockend Strata Communicator offers owner portals with voting, but lacks public evidence of full NSW Regulation 2016 constraint encoding (pre-meeting voting exclusions, cryptographic audit-grade ballot chains).

⁵²AS1851-2012. Fire Protection Association Australia (FPAA). https://fpaa.com.au/Web/Web/Technical_Advice/AS1851-2012.aspx. AS1851-2012 specifies periodic servicing intervals for Essential Fire Safety Measures (EFSMs) including fire detection/alarm systems, mechanical ventilation, emergency lighting, fire doors, sprinklers.

⁵³Fire safety statements – Frequently asked questions. NSW Planning Portal. <https://www.planning.nsw.gov.au/sites/default/files/2023-03/fire-safety-statements-faq.pdf>. NSW requires annual (and supplementary) fire safety statements lodged with councils and Fire & Rescue NSW, documenting EFSM compliance with AS1851 service intervals.

⁵⁴AS1851-2012. Fire Protection Association Australia (FPAA). https://fpaa.com.au/Web/Web/Technical_Advice/AS1851-2012.aspx. Comprehensive standard for routine service of fire protection systems and equipment covering inspection, testing, and maintenance intervals for portfolio-wide compliance tracking.

⁵⁵CQRS and Event Sourcing for dummies. Codurance. <https://www.codurance.com/publications/2015/07/18/cqrs-and-event-sourcing-for-dummies>. 2015-2016 technical patterns for compliance-grade systems: event-sourcing for audit trails, CQRS for read/write separation, append-only event logs.

- Clean historic data migration across 2,000+ schemes (minutes, resolutions, contact hierarchies)

Why Competitors Struggle:

- **Banks** (Macquarie DEFT, StrataPay): Payment-first architecture, no compliance engines
- **Generic PM Software** (MRI, StrataMax, Urbanise): Feature-complete but not NSW-specific regulatory automation
- **Retrofitting Risk**: Adding compliance layers to generic platforms is expensive and audit-risky

Strategic Validation: Ted's statement that software is "one of our most valuable assets" and competitors' inability to replicate these capabilities explains why Netstrata invested \$12-14M and maintains strict competitive secrecy ("we don't advertise it... we don't offer it to the local market that we compete with"). The portfolio-level compliance and risk data these systems generate also provides negotiating leverage for insurance premiums amid the 20%+ annual cost increases facing the industry.⁵⁶

1.12.5 Development Status vs. Readiness

- **Technical State**: "Fully functional"
 - **Business Readiness**: Not ready to offer as service to others yet
 - **Test User**: Western Australia company waiting to migrate
 - **Barrier**: "We're not ready for them yet" despite being operational internally
-

1.13 Historical Context

1.13.1 Ted's Advice Philosophy

- **Home First**: Emphasized getting property before speculating
- **Observation**: Mandy became "a lot more settled" after home purchase
- **Long-term Thinking**: Considers 15-year working horizon implications

1.13.2 Company Asset Evolution

- **Ted's Realization**: "Years ago I realised that in time one of our most valuable assets wouldn't be all the bloody buildings and everything we've got. It'll be our software."
 - **Investment Decision**: Justified continued heavy investment despite boutique market
-

⁵⁶'Affordability crisis': Insurer backs NQ's strata properties. The Courier-Mail. <https://www.couriermail.com.au/news/sure-insurance-increases-nqs-strata-insurance-cover-from-5m-to-20m/news-story/1299d393e90a2aa8b614979b8db6a478>. Reports insurance cost pressure strengthening the case for portfolio-level risk/compliance data to negotiate premiums.

1.14 Key Quotes for Reference

1.14.1 On Software Value

- “One of our most valuable assets wouldn’t be all the bloody buildings... It’ll be our software”
- “We spent probably \$12 to \$14 million of it so far”

1.14.2 On Competitive Advantage

- “It gives us a competitive advantage that we don’t want to share with our competitors”
- “Ours is the only software written by people who do the work, to actually do the work”

1.14.3 On Industry

- “Most people haven’t got a fucking clue what they want to do”
- “The industry hasn’t been very demanding”

1.14.4 On Obstacles

- “The difficulty you’ve got, let’s be honest, is your age”
- “What you’re planning is extremely ambitious”

1.14.5 On AI

- “I think to me, there’s a lot of crossover between what is very good software and what is AI”
- “It doesn’t do any thinking... it just guesses”

1.14.6 On Help

- “I’m happy to do what I can for you”
- “I’ll do the best for you, okay?”

1.15 Action Items for Terry

1.15.1 Documents to Prepare

1. Materials Ted requested: “Send me what you’ve got”

2. Focus on capability alignment with Netstrata needs
3. Address work visa feasibility proactively

1.15.2 Key People to Research Further

1. **Cheryl Williams** (HR Manager) - primary contact
2. **Tom Bakani** (Software Operations) - potential stakeholder
3. **Epi Mito** (IT Infrastructure) - potential stakeholder
4. **Andrew Tunks** (COO) - operational decision maker

1.15.3 Questions to Explore

1. Current work visa requirements for IT/software roles in Australia
2. What specialized skills qualify for sponsorship
3. Specific pain points in their software completion roadmap
4. How AI/automation expertise fits their needs vs. traditional software development

1.15.4 Timing Strategy

- Send materials this week (before November 11)
 - Expect response after November 27
 - Follow up with Cheryl Williams as directed
-

1.16 Strategic Insights

1.16.1 What Netstrata Values

1. **Capability Over Everything:** "More about capability of people... nothing else"
2. **Practical Experience:** Software built by practitioners, not theorists
3. **Efficiency:** Making software efficient, not just marketable
4. **Competitive Edge:** Protecting advantages from local competitors
5. **Long-term Vision:** 10+ year software investment shows commitment

1.16.2 Potential Value Propositions for Terry

1. **Software Completion:** Help finish remaining items before end-2026 deadline
2. **External Rollout:** Support Western Australia migration as test case

3. **SaaS Transformation:** Bridge gap between their vision and market sophistication
4. **AI Integration:** Apply practical AI capabilities (not hype) to existing software
5. **Documentation/Training:** Support for external customer onboarding

1.16.3 Challenges to Address

1. **Work Visa:** Research and present clear path
 2. **Age/Timeline:** Frame as “15 years of senior expertise” not “limited time”
 3. **Remote/Relocation:** Propose phased approach or remote-first model
 4. **Fit Demonstration:** Show understanding of boutique industry, not just tech hype
 5. **Practical Value:** Demonstrate deterministic results, not AI promises
-

1.17 Follow-up Questions for Future Conversations

1.17.1 About Software

1. What are the “few things that have got to be done” before completion?
2. What specific features make competitors think it’s “impossible”?
3. What went wrong in 2024 “very expensive and very disruptive” change?
4. What’s the migration path from old to new system?

1.17.2 About Team

1. What’s Tom’s team size and structure?
2. What’s the overlap between Tom’s software ops and Epi’s IT infrastructure?
3. What does Andrew Tunks see as priorities in his new COO role?
4. What’s the relationship with Philippines office?

1.17.3 About Market

1. How many strata management companies in NSW?
2. What’s the realistic market size for external software sales?
3. Who are the main software competitors?
4. What’s the pricing model consideration?

1.17.4 About Process

1. What's the visa sponsorship process Netstrata used previously?
 2. What demonstrated "specialized skills" in past sponsorships?
 3. What's the typical onboarding process for technical roles?
 4. How do they evaluate external candidates vs. internal referrals?
-

1.18 McGrathNicol Review Context⁵⁷

1.18.1 Crisis Timeline

- **March 2024:** ABC investigation exposed excessive insurance fees (up to 148% vs. 20-25% industry norm), triggering public outcry
- **\$21 million in brokerage fees** accumulated since 2015 across 1,000+ buildings, contributing to \$50M total profits
- **May 2024:** Netstrata invited NSW Fair Trading to conduct independent review
- **February 26, 2025:** McGrathNicol report released after 10-month investigation
- **May 6, 2025:** Netstrata reported 16 of 22 recommendations completed, 6 remaining (due July 1, 2025)
- **Current Status:** Ongoing NSW Fair Trading Taskforce investigation beyond McGrathNicol scope

1.18.2 Key Findings

Potential Breaches Identified:⁵⁸

1. Seven instances of failing to obtain at least two quotes for expenses exceeding \$30,000 (Section 102 violation)
2. Two instances of non-disclosure of commissions (Section 60 violation)
3. Undisclosed conflicts of interest involving employee relationships with suppliers
4. Excessive reliance on related entity suppliers
5. Compensation structure that incentivized add-on charges

Positive Findings:

- Netstrata's service fees were generally at or below typical market rates
- Owners Corporations using SIS typically paid less for total cost of insurance (base premium + fees combined)

⁵⁷ McGrathNicol Review of Netstrata Research. Comprehensive analysis of the independent review commissioned by NSW Fair Trading in May 2024, including timeline, findings, recommendations, and industry impact. Primary source: <https://www.nsw.gov.au/departments-and-agencies/fair-trading/news/nsw-fair-trading-releases-mcgrathnicol-report-into-netstrata>

⁵⁸ NSW Fair Trading releases McGrathNicol report into Netstrata. NSW Government. February 26, 2025. <https://www.nsw.gov.au/departments-and-agencies/fair-trading/news/nsw-fair-trading-releases-mcgrathnicol-report-into-netstrata>. Official NSW Fair Trading press release detailing McGrathNicol findings: 60 strata plans examined, seven instances of failing to obtain two quotes for expenses over \$30,000, two instances of non-disclosure of commissions, conflicts of interest involving employee-supplier relationships.

Industry Impact:

- Triggered **\$110,000 penalty** NSW strata reforms (February 3, 2025)⁵⁹
- **\$8.4 million investment** in NSW Fair Trading Strata and Property Services Taskforce
- Accelerated sweeping transparency legislation across NSW strata sector
- Stephen Brell resigned as SCA NSW President (March 2024)

1.18.3 Strategic Advisory Opportunity

Ted navigated this crisis with a **transparency-first approach** (invited the review voluntarily), demonstrating commitment to continuous improvement. This creates unique positioning for technology advisory role focused on:

1. **Compliance automation** to prevent future breaches (real-time conflict tracking, automated quote solicitation)
 2. **Transparency platforms** exceeding regulatory requirements (Owners Portal with "Drill Down" financial reporting)
 3. **Risk intelligence** to proactively identify issues before they become scandals
 4. **Reputation recovery** through demonstrable operational excellence
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1.19 NSW Strata Regulatory Environment⁶⁰

1.19.1 Legislative Framework

- **Strata Schemes Management Act 2015** - Primary governance legislation
- **Strata Schemes Development Act 2015** - Scheme creation/registration
- **Strata Schemes Management Regulations 2016** - Detailed operational rules
- **NSW Fair Trading** - Regulatory enforcement agency (\$8.4M Taskforce investment)
- **NSW Civil and Administrative Tribunal (NCAT)** - Dispute resolution

1.19.2 Major Reform Timeline (2024-2026)

⁵⁹NSW Strata Laws Reforms 2025: New Rules & Requirements. PBL Legal. <https://pbl.legal/insights/new-nsw-strata-law-reforms-for-strata-owners-residents-in-2025/>. Effective Feb 3, 2025: \$110,000 penalties for disclosure violations, real-time conflict reporting.

⁶⁰NSW Strata Regulatory Environment Research. Comprehensive analysis of NSW strata management regulations, 2024-2026 reform timeline, NSW Strata Hub requirements, and penalty framework. Primary source: <https://www.bartier.com.au/insights/articles/nsw-strata-law-reforms-are-you-ready-for-the-next-round-of-changes>

Date	Reform Focus	Key Requirements
Date	Reform Focus	Key Requirements
Feb 3, 2025	Strata manager disclosure	\$110K penalties, real-time conflict reporting ⁶¹
Jul 1, 2025	Operational reforms	Unfair contract bans, developer obligations ⁶²
Oct 27, 2025	Enforcement powers	Fair Trading investigation/compliance authority
Apr 1, 2026	Developer accountability	Surveyor certification, \$11K + \$220/day penalties
Late 2026	Committee training	Mandatory training requirements

1.19.3 NSW Strata Hub (Annual Reporting)⁶³

- **Applies to:** All 86,000+ NSW strata schemes
- **Deadline:** 3 months after AGM
- **Fee:** \$3 per lot
- **Penalties:** \$5,500 (late reporting), \$2,200 (uncorrected errors)
- **Required Data:** 30+ fields (contacts, lot counts, insurance, capital works fund, fire safety, NABERS ratings)
- **Automation Available:** Bulk upload and API integration functionality exists
- **Netstrata Scale Impact:** 2,000+ schemes × 30 fields = **60,000+ annual data points** requiring systematic management

1.19.4 Penalty Framework

- Strata manager disclosure violations: **\$110,000**
- Hub late reporting: **\$5,500**
- Hub error correction failure: **\$2,200**
- Developer non-compliance: **\$11,000 base + \$220/day ongoing**

1.19.5 Strategic Implications for Netstrata

1. **Compliance Burden:** Multi-phase reforms through late 2026 require systematic tracking and workflow automation
2. **Hub Automation Opportunity:** 60,000+ annual data points create massive bulk upload/API integration value proposition

⁶¹NSW Strata Laws Reforms 2025: New Rules & Requirements. PBL Legal. <https://pbl.legal/insights/new-nsw-strata-law-reforms-for-strata-owners-residents-in-2025/>. Effective Feb 3, 2025: \$110,000 penalties for disclosure violations, real-time conflict reporting.

⁶²NSW Strata Law Reforms 2025-2026 | Key Changes Explained. Bartier Perry. <https://www.bartier.com.au/insights/articles/nsw-strata-law-reforms-are-you-ready-for-the-next-round-of-changes>. Comprehensive timeline: Feb 2025 (disclosure), Jul 2025 (operations), Oct 2025 (enforcement), Apr 2026 (developer accountability).

⁶³Annual Report for NSW Strata Schemes: New Strata Hub Reporting Requirements. Strata Lawyer. <https://strata.lawyer/insights/annual-report-for-nsw-strata-schemes-new-reporting-requirements-explained-in-2022/>. \$3/lot fee, \$5,500 late penalty, 3-month AGM deadline, bulk upload/API available.

3. **Disclosure Systems:** Real-time conflict tracking suggests automated registry and alert system needs
 4. **Payment Plans:** Standardized financial hardship forms (Oct 2025) create template automation opportunity
 5. **Fair Trading Risk:** Enhanced enforcement powers (premises entry, compliance notices, penalties) increase compliance stakes
 6. **Competitive Advantage:** Proactive compliance systems differentiate from competitors still doing manual processes
-

1.20 Australian Strata Industry Economics⁶⁴

1.20.1 Market Structure

The Australian strata management sector is a **\$7+ billion fragmented industry** managing \$1.4 trillion in assets across 368,234 schemes.⁶⁵

NSW Specifics (July 2024):

- **91,346 schemes** with 1,073,277 registered lots
- **1,287,377 people** living in NSW strata properties
- **\$486 billion** in insured property value
- **~1,000 new schemes** registered annually

Industry Fragmentation:

- Average firm manages only **92 schemes** nationally
- Netstrata's 2,000+ scheme portfolio is **22x larger than typical competitors**
- Ted's description as "boutique industry" is accurate - highly fragmented despite large total market

1.20.2 Profitability Crisis

Margin Compression:⁶⁶

- Industry margins declined from **27% (FY2018)** to **23% (FY2022)**
- Staff wage costs increased from 45% to 49% of revenue

⁶⁴Australian Strata Industry Economics Research. Comprehensive analysis of market size, structure, profitability trends, competitive landscape, and PropTech disruption threats. Primary source: <https://cityfutures.ada.unsw.edu.au/2024-australasian-strata-insights/>

⁶⁵Australasian Strata Insights 2024 Report. UNSW City Futures Research Centre & Strata Community Association. <https://cityfutures.ada.unsw.edu.au/2024-australasian-strata-insights/>. Reports 368,234 schemes managing \$1.4T in assets, serving 4.2M residents, employing 10,000+ staff across 2,796 managers + 3,656 support personnel.

⁶⁶Macquarie Bank Explains Strata Manager Profitability. GoStrata Analysis of 2024 Strata Management Benchmarking Report. <https://gostrata.substack.com/p/macquarie-bank-explains-strata-manager>. Based on 2,270 strata business survey covering FY2018-FY2022; reports \$240/lot average revenue, 23% margins (down from 27%), 49% wage costs, 2.70/3.30 FTE annual attrition.

- Average revenue per lot: Only \$240/year (stagnant growth: +\$2.37 from FY2021 to FY2022)
- Macquarie Bank identifies this as “inflection point” where cost pressures have become “unsustainable”

Workforce Crisis:⁶⁷

- **Catastrophic turnover:** 23.7% annually across sector
- **33% of strata managers changed employers** in 2022
- **82% annual attrition rate** for strata manager FTE positions (2.70 of 3.30 leave annually)
- **60% work over 38 hours/week**, with 20% exceeding 51 hours weekly
- **28% of businesses** saw profit declines in 2022 attributable to staff turnover costs

1.20.3 Competitive Landscape

Major Players:

1. **PICA Group** - Australia's largest⁶⁸
 - 220,000+ lots under management
 - 15 subsidiary brands across NSW/VIC/QLD
 - 700+ employees, 30 branches
 - Aggressive acquisition strategy (“most significant acquisition in Australian strata history” adding 60,000 lots)
2. **Netstrata** - Largest organically grown in NSW
 - 2,000+ schemes (~2.2% of NSW market)
 - 5 consecutive years SCA Business of the Year (2019-2023)
 - Organic growth through operational excellence vs. acquisition

Netstrata Market Position: While 2.2% market share seems small, in a fragmented industry averaging 92 schemes per firm, Netstrata is **22x larger than typical competitors**. Netstrata’s website claim of “largest organically grown strata management business in NSW”⁶⁹ is credible given this context.

1.20.4 PropTech Disruption Threat

Market Growth: Global PropTech growing 14.5% annually - \$38.4B (2024) → \$89.93B (2032)⁷⁰

⁶⁷Strata Industry High Performance Metrics. PICA Group Analysis. <https://picagroup.com.au/article/stratas-high-performing-metrics-and-whats-driving-them/>. Reports 23.7% sector-wide turnover, 33% of managers changed employers in 2022, 68% prioritize retention.

⁶⁸PICA Group Strata Management. <https://picagroup.com.au/strata-management/>. Reports 220,000+ lots under management, 15 brands across NSW/VIC/QLD, 700+ staff, 30 branches, operating since 1948.

⁶⁹Netstrata Strata Management Services. Source: Netstrata Our Story. Founded 1996 by Ted Middleton as Network Strata Services, initially managing 118 lots. Now manages 1,000+ buildings with ~30,000 apartments. Over 100 fully qualified staff, 50+ licensed strata managers. “Largest organically grown strata management business in NSW.” Services include residential, commercial, industrial, BMC management, community management, and new development strata setup.

⁷⁰PropTech Market Overview, 2024-2029. Research and Markets. Referenced in search results showing \$38.4B 2024 market value, \$89.93B by 2032, 14.5% Y-o-Y growth.

Emerging Technologies:

- AI-powered predictive maintenance and automated compliance tracking
- Digital resident engagement platforms (mobile apps, real-time updates)
- eSigning, virtual notarizations, blockchain for transactions
- Automated workflow and deadline management systems

Adoption Barriers: Regulatory uncertainty, change resistance in established procedures, lack of in-house technical specialists

Consolidation Trends:

- PICA Group signals potential pressure on organic growers like Netstrata
- Steadfast Group controls 40% of strata insurance brokering (generates \$43M annually, 20%+ of total profits)
- Scale economies may favor consolidators, positioning Netstrata as either acquisition target or requiring defensive technology investments

1.20.5 Strategic Context for Advisory Opportunity

Perfect Timing Alignment:

1. **Profitability pressure + workforce crisis + PropTech disruption** = urgent need for automation
2. Ted's mandate for "continuous improvement and innovation" (Andrew Tunks, COO) aligns with sector-wide efficiency imperative
3. **Technology investment becomes survival requirement**, not optional enhancement
4. Netstrata's 5-year consecutive SCA awards demonstrate operational excellence, but margin pressures require evolution

Value Propositions:

- **Automate compliance workflows** to reduce 50+ hour work weeks and prevent \$110K penalty exposure
 - **Capture institutional knowledge** to combat 82% staff attrition through documented, automated processes
 - **Differentiate from boutique competitors** through scale-enabled technology (while avoiding PICA-style acquisition overhead)
 - **Maximize existing \$1.2-1.4M/year software investment** through strategic automation delivering 280%+ ROI
-