

10th September 2025

Hon Anoulack Chanthivong & NSW Fair Trading Commissioner Natasha Mann

By email: macquariefields@parliament.nsw.gov.au ; natasha.mann@customerservice.nsw.gov.au

Re: SCA NSW announcement on strata insurance commissions — request for continued regulatory action on conflicted remuneration

Dear Minister Chanthivong and Commissioner Mann,

On behalf of Owners Corporation Network of Australia (OCN) and Australian Consumers Insurance Lobby (ACIL), we jointly welcome the Strata Community Association (NSW)'s announcement to phase out insurance commissions in strata management contracts from 1st January 2026. This is a positive industry signal that recognises long-standing consumer concerns.

However, we respectfully urge the NSW Government not to treat this voluntary step as a complete solution to the issues your offices are examining. Industry-led shifts often shape the narrative and can, unintentionally or otherwise, become an industry-devised workaround—appearing to fix the problem while allowing the same conflicts to re-emerge under different labels. We have seen this dynamic before: in 2015, industry advocacy resulted in commission disclosures being made at general meetings after key purchasing decisions, limiting Owners Corporations' ability to scrutinise and act on the information.

Our specific concerns

1. Enforceability over members' contract terms

SCA NSW states that standard management contracts issued by SCA members will not include an option to accept insurance commissions and that members using their own contracts will also not offer the option. It is unclear how SCA can enforce this across member businesses that are free to issue and vary their own contracts. An industry position does not, of itself, bind individual commercial agreements.

2. Narrow focus on "commissions" only

The word "commission" does not address other financial benefits that replicate the same conflicts—for example, where a strata manager owns (or is not at arm's length from) an insurance brokerage and receives profit there, where brokers make servicing payments, or where other non-arm's-length benefits flow. These arrangements can increase insurance costs while evading a narrow, commission-only definition.

3. Sale of servicing rights and sustained high commissions

The removal of commissions from strata management contracts may prompt strata management businesses to sell the servicing rights of their insurance portfolio to brokers. Those transactions can be funded by maintaining existing commission levels on owners' policies to recoup the broker's upfront payment. In effect, there is no reduction in commissions, so consumers can end up paying the same price for insurance, delivering no benefit to Owners Corporations. Worse, a strata

manager could then increase their management fees, citing the loss of commissions—using the “removal” as a guise to both capture an upfront servicing-rights payment (via the broker) and raise strata management fees.

We acknowledge the Government’s current process, with the NSW Productivity and Equality Commission examining the market impacts of prohibiting commissions and other conflicted payments. SCA NSW’s stance is a constructive contribution to that discussion; it should not substitute for it.

Our requests to Government and Fair Trading

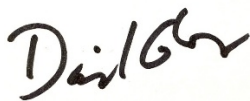
OCN and ACIL ask that you stay the course on reform and continue pursuing measures to prohibit conflicted remuneration, not merely commissions in name. In particular, we recommend that any Government response:

- Adopts a broad, outcomes-based definition of “financial benefits” that captures any direct or indirect advantage—monetary or in-kind—including related-party/associated-entity and other non-arm’s-length arrangements, not just commissions.
- Closes related-party loopholes, so benefits cannot be shifted from the strata management entity to a connected brokerage or supplier.
- Requires transparent pass-through of savings from the removal of commissions, with documented dollar impacts shown to the Owners Corporation.
- Provides monitoring and enforcement, including audit powers and penalties, so compliance is real rather than rhetorical.

We support genuine moves towards fee-for-service over commissions. But only clear, enforceable regulation will ensure improved consumer outcomes, rather than embedding old conflicts behind new labels.

We remain committed to working constructively with NSW Fair Trading and the NSW Productivity and Equality Commission to advance the interests of strata consumers in New South Wales, and we look forward to your response.

Yours faithfully,



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