



# Strata Asset Services (WA) Pty Ltd

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ACCC Northern Australia Insurance Inquiry  
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Via Email: [insurance@accg.gov.au](mailto:insurance@accg.gov.au)

Thursday, 11 April 2019

Dear Sir/Madam

## **RE: ACCC North Australian Insurance Inquiry's First Interim Report**

I am writing to dispel some common misconceptions about the strata industry, specifically the relationship between commissions and the strata manager, that were mentioned in the ACCC North Australian Insurance Inquiry's First Interim Report. Owners, managers, brokers, and the extended strata community must be given an opportunity to have any legislative changes carefully considered and this cannot be accomplished without full and complete information.

Recommendation 11 and Draft Recommendation 9 of the Interim Report suggest the elimination of commissions for strata managers. The recommendations as presented do not elaborate on the extensive services a strata manager provides in return for the commission and it does not clarify who would be supporting bodies corporate in fulfilling their legal obligation to insure their strata community. The task of insuring a building is not a one-off transaction but involves significant education, information and communication between various parties.

As an experienced professional with in-depth knowledge of the strata industry, I firmly believe that the Interim Report's recommendations are based on misconceptions and would have serious consequences on this emerging and dynamic sector if implemented.

A loss of commissions is unlikely to result in any reduction in costs to consumers, as the party responsible to service the body corporate relating to their insurance would be a different one. Due to mandatory insurance requirements, the need for the service is undeniable and will always include administrative expenses that the consumer must carry one way or another. Strata Managers are better placed to understand strata communities and their unique needs, while also maintaining the relationships that enable communication with each individual owner; something strata insurers do not have the capacity or systems to do.

A discussion on matters relating to insurance commissions cannot be held in isolation as the services provided as part of the range of services required to deliver insurance products to strata consumers. Consideration of the effect on insurers being forced to resource retail operations and the effect that might have on the overall cost of premiums in addition to the services that strata professionals will still be required to deliver along with the associated additional costs may result in a far worse outcome for consumers.

A review of the taxation regime that applies to insurance premiums and claims should also form part of any solution.

I am a member of Strata Community Association (SCA), the peak industry body for strata managers and suppliers. Collectively SCA represents more than 5,000 entities and individuals who care for 2.5 million lots in Australia. Our profession prides itself on upholding standards and servicing lot owners for a reasonable fee and excellent service.

Broad brush reform risks unintended and damaging consequences for both consumers and associated businesses. I do believe that there is clear scope to further improve transparency and accountability through the financial services licensing mechanism. Any reform that seeks to remove commissions should only occur in the context of a comprehensive program that provides transitional support to affected businesses. Regulatory and market mechanisms will only build consumer trust and confidence by raising standards, not lowering them.

As a key stakeholder in the strata sector, I support SCA's submission to the ACCC North Australian Insurance Inquiry's First Interim Report and urge you to do likewise.

Kind regards,

*Paul Keet*

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***Paul Keet is a proud member of Strata Community Association (WA)  
and a SCA (WA) Certified Strata Community Manager – CSCM***

