

30 April 2026

## **ACT BEHIND THE 8 BALL WHEN IT COMES TO STRATA MANAGERS AND CONFLICTED RENUMERATION ARRANGEMENTS.**

### **JOINT MEDIA STATEMENT**

#### **Australian College of Strata Lawyers (ACSL) and Dr Nicole Johnston, Strata Knowledge**

In March 2024, the **Australian College of Strata Lawyers (ACSL)** called for strata managers to discontinue the practice of accepting commissions. Since that date, NSW has taken significant steps to move away from disclosure only requirements and many in the industry have moved away from remuneration models that include commissions.

While ACSL welcomes the efforts of the ACT Standing Committee in considering the issues raised as part of the inquiry and in forming its recommendations, it is concerning that recommendations 2 and 3 largely reflect current practice by many in the ACT strata industry and reinforce the idea that disclosure cures conflict. It does not.

As fiduciaries of their owners' corporations, strata managers have stringent obligations upon them, to not profit by virtue of their fiduciary position. Disclosure cannot be, and should not be, a panacea.

#### **Statement from Dr Nicole Johnston, Director of Strata Knowledge**

One of the real advantages of our federal system is that we don't all have to make the same mistakes. New South Wales has spent more than a decade building the most prescriptive strata disclosure regime in the country. The independent assessment of that regime, the NSW Productivity and Equality Commission's Strata Commissions Review, handed down in March, concluded that disclosure alone is unlikely to resolve the problem and recommended a phased prohibition on commissions instead. The ACT Standing Committee acknowledges the NSW Commission's report but has recommended, in effect, that the ACT begin the very journey NSW has now concluded does not work.

My own research, *At the Crossroads*, examined how conflicts of interest operate inside the strata management industry, through interviews with managers, analysis of management agreements, and engagement sessions with owners. The findings were unambiguous. Disclosure creates an illusion of transparency without curing the underlying conflict. Owners do not have the expertise or incentive to interpret what they are being told, managers can feel morally licensed once they have ticked the disclosure box, and the structural incentives that produce the harm remain entirely intact. Recommendations 2 and 3 of the ACT report, mandating more disclosure and written explanations of commission arrangements, sit uncomfortably alongside that evidence.

A strata manager owes a fiduciary duty, the highest duty known to law. You cannot disclose your way out of a fiduciary conflict; you can only avoid it or remove it. When jurisdictions and independent reviews converge on the same evidence-based answer, Australia has the opportunity to deliver strata owners a coherent national framework. The ACT can still take that opportunity, by prohibiting conflicted remuneration, restricting supply-chain commissions, and separating developer consulting from initial management appointments. That is what the evidence supports, and it is what strata owners are asking for.

CONTACT: Susan Proctor, Fellow, Australian College of Strata Lawyers (FASCL);

0499 944 041

