

22 August 2022

HBC Team
State Insurance Regulatory Authority | NSW Government
Locked Bag 2906, Lisarow NSW 2252

RE: Home Building Compensation Reforms 2022

I am writing in response to your request for feedback to the Home Building Compensation (HBC) Reform discussion paper, released in July of 2022.

As the peak industry body for Strata and Community Title Management in New South Wales, SCA (NSW)'s main point of interest related to this discussion paper concerns 'Reform idea 8 – Broader insurance exemptions for high rise buildings.' Specifically, SCA (NSW) provides this submission in response to Question 17:

'Should the insurance exemption for the construction of multi-dwelling buildings over 3 storeys be expanded so that insurance is not required for renovations or alterations to such buildings?'

SCA (NSW) ultimately maintains that such an exemption should not be expanded. SCA (NSW) believes that an expansion of insurance exemptions in this capacity would constitute a decline in consumer protection, and counters prevailing regulatory reform, including the introduction of the Design and Building Practitioners Act (DPB Act).

The costs referred to in the HBC discussion paper are significantly lower than the costs incurred to comply with the DBP Act. The DPB Act is designed to improve building quality, and reduce exposure from the insurance premium pool over time. Improvements to other regulatory areas will also have this effect, including improvements to building and trade licencing.

SCA (NSW) believes the Home Building Compensation Scheme should be considered is a 'last line of defence' for consumers. SCA (NSW) ultimately believes that all multi-unit dwellings should be afforded the protection of the Home Building Compensation Fund, and the Home Building Act 1989 should be amended to make this a mandatory protection, irrespective of the number of storeys a building contains. The narrow definition of works able the utilise the HBC fund is not supported by SCA (NSW).

Thank you for your consideration of this submission. If you have any further questions, please get in contact at

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General Manager, SCA (NSW)

About us:

Strata Community Association (NSW), formerly the Institute of Strata Title Management and founded in 1980, is the peak industry body for Strata and Community Title Management in New South Wales. SCA (NSW) has more than 3,000 members including lot owners, suppliers to the sector and professional strata managers who oversee, advise, or manage a combined property portfolio with an estimated replacement value of over \$400 Billion. There are currently 83,998 Strata and Community Title Schemes in NSW, of which 95 percent are residential lots. There are 961,544 Strata and Community Title lots in the states.¹ SCA (NSW) proudly fulfills the dual roles of a professional institute and consumer advocate.

NSW leads the way in the trend to higher density living in Australia with apartments accounting for more than half of all new dwellings expected to be built to 2032. Based on the 2020 Australasian Strata Insights Report, there are 2,200,793 people living in apartments in across Australia, over half (51 percent) are in NSW, followed by 21 percent in Victoria and 16 percent in Queensland.² New South Wales also has the highest proportion of apartment households relative to all occupied private dwellings (at 22 percent).

Strata is responsible for the direct employment of 1413 managers throughout NSW, as well as a total of 1317 other related employees.³ SCA (NSW) has strived to foster a high standard of professionalism within the strata services industry with initiatives like the Professional Standards Scheme (PSS), which is helping to facilitate strong consumer outcomes for the over 1 million strata residents in NSW. SCA (NSW) membership ranges from large corporate companies to small family businesses to volunteers. They have expertise in all facets of strata management, service provision and governance.

¹ Hazel Easthope, Sian Thompson and Alistair Sisson, Australasian Strata Insights 2020, City Futures Research Centre, UNSW, Accessed at <https://cityfutures.be.unsw.edu.au/research/projects/2020-australasian-strata-insights/>

² Ibid, p.8-13

³ Ibid, p8.