Fault Lines and Future Paths: A three-way view of strata's next chapter

Segment 1: The Management Perspective

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Let me start by declaring my position, because I know that's what this session is asking of us.

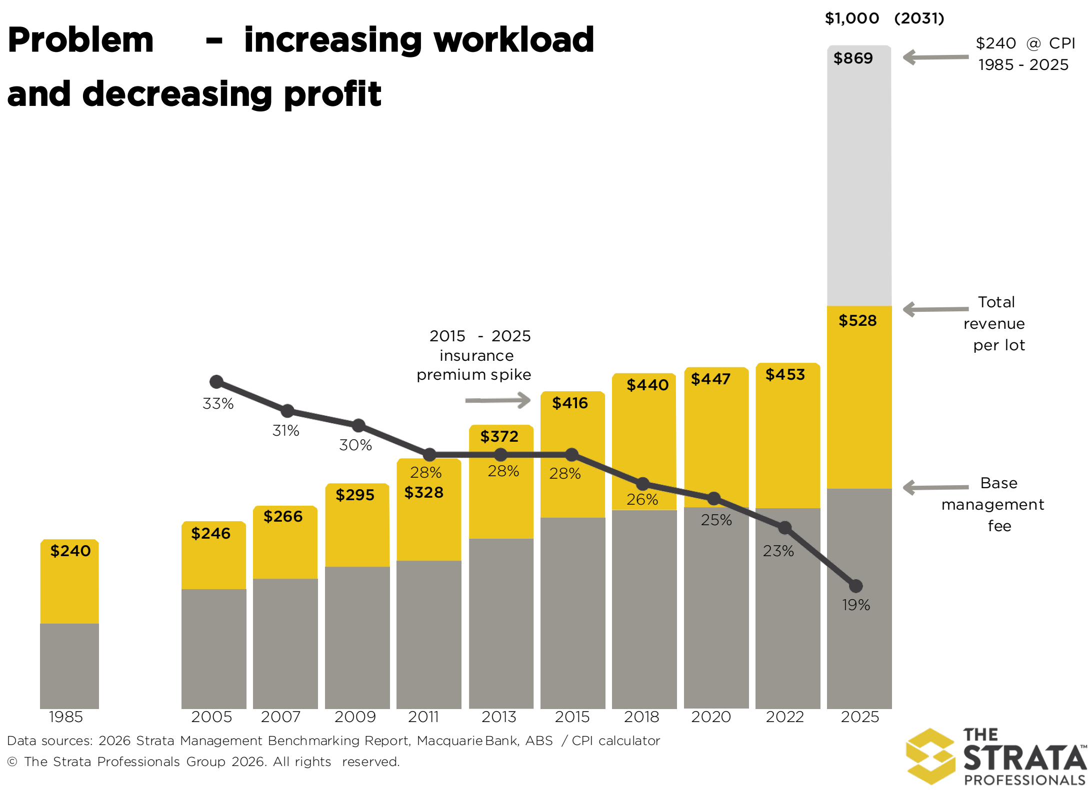
Is strata management broken, or does it just need a pivot?

My answer is neither. And I think that's a more uncomfortable answer.

This is not a pivot. A pivot is what you do when the model is basically sound and needs redirecting. What's coming for our industry is not a redirection. It's a reframing — from an occupation into a profession.

And most of what we currently call strata management will not survive that transition, because most of what we currently call strata management was never the profession. It was the paperwork around it.

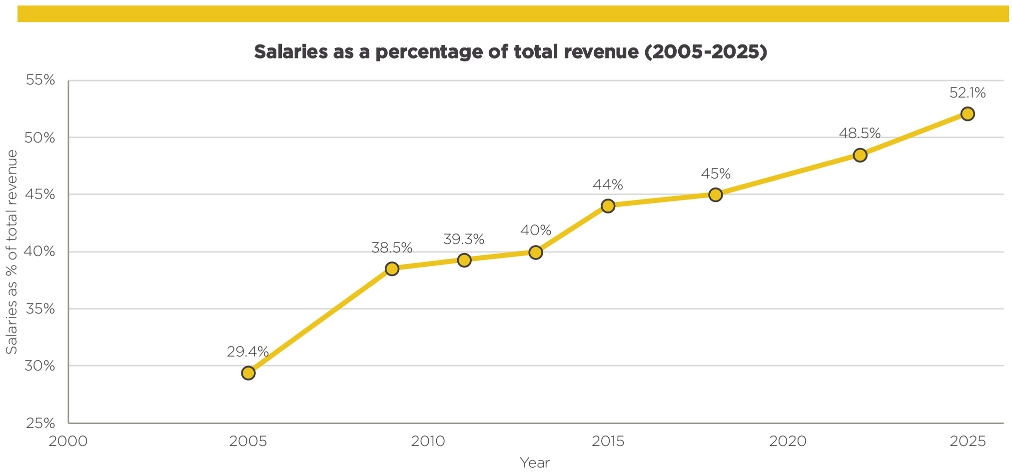
Let me show you what I mean.



When I started in strata in 1985, 40 years ago, a lawyer under the patronage of the godfather of Queensland body corporate management, the late Howard Stewart management fees were set at $120 per lot per annum and you made that much again on additional charges and insurance commissions – total revenue of $240 per lot per annum. And for every dollar in fees signed up the company increased in value by $3. Wages sat at about one third of revenue, overheads accounted for another one third leaving a heathy profit margin of about 33 %. Life was sweet.

Had we kept on that trajectory and increased fees by CPI we would be approaching $1000 per lot per annum by now. But we didn't. The internet was changed the world in the early 90's, buildings became more complex, the public became more demanding, and the government became more protectionist – and we didn't put up our fees. Instead, we took the lazy path and began taking commissions and kickbacks from suppliers to supplement fee income, and the rot set in.

Cause - wages have grown about 2.5 times faster than revenue since 2005



Data sources: 2026 Strata Industry Benchmarking Report, Macquarie Bank. Survey years: 2005, 2009, 2011, 2013, 2015, 2018, 2022, 2025.

Instead of providing professional services and increasing our fees accordingly, as business owners we have thrown money at staff expecting them to shut up and get on with the job. Wages have increased to more than 50 % of revenue but it hasn't solved the problem. Staff turnover is at record high levels and on some measures as much as three times the national employment average.

So here we are. At the crossroads. We want to be paid and respected as a profession, but we are not acting like anything but.

The Spectrum

McKinsey has a way of thinking about professional services that I find useful here — a spectrum with four bands.

At one end you have **commodity work**: standardised, repeatable, low judgment.

Next, **procedural work**: still rules-based, but requiring some process knowledge and coordination.

Then **grey hair work**: judgment built from years of pattern recognition, applied to situations that don't fit a template.

And at the far end, **rocket science work**: genuinely novel problems, no precedent, real expertise under real uncertainty.

Here's the uncomfortable exercise. Take everything a strata manager does in a given week and sort it onto that spectrum.

Levy notices. Meeting minutes. AGM packs. Compliance calendars. Insurance renewals that are really just data entry against a checklist. Certificate of currency requests. Basic correspondence. That's commodity work, and frankly, it's been commodity work for a decade — we've just been charging professional rates for it.

Move up a band. Coordinating a maintenance schedule. Managing a contractor tender. Running a standard by-law process. Interpreting a well-worn section of the Act against a fact pattern we've seen a hundred times before. That's procedural work. It requires training, but it doesn't require wisdom.

Now here's the part that should make some of you in this room uncomfortable, including me: a meaningful slice of what we've always called **grey hair work** — the stuff we charge for because 'you need someone experienced to handle this' — is also going. Triaging a dispute before it escalates. Drafting a defect notice that holds up. Reading a committee's dysfunction and knowing which lever to pull first.

An AI agent trained on the case law, the tribunal outcomes, and ten thousand prior building disputes will pattern-match faster and more consistently than most of us will on our best day. Not all of it. But more of it than our egos want to admit.

What's left? Grey hair work that's genuinely irreducible — complex human conflict, competing legal rights, a committee in genuine crisis, a building in genuine danger.

And rocket science work — buildings we've never built before, climate risk we don't have forty years of data on, defect liability chains nobody has tested, governance models for towers with six hundred lots and no shared culture at all. The termination and renewal of strata schemes that involve unscrambling eggs.

That is where strata management, done properly, should be living. Not in levy notices. In judgment, in risk, in trust.

If we let AI agents take the commodity and procedural work — and most of the grey hair work — off our desks, we're not being replaced. We're being promoted, whether we like it or not.

The industry that survives this is smaller, better paid per hour, and genuinely expert. The industry that doesn't survive this is the one still trying to bill professional fees for commodity tasks a machine now does better, faster, and for a fraction of the cost.

Why We Won't Get There on Our Own

Here's where I stop being diplomatic.

I don't believe this industry will make that transition voluntarily. And I say that as someone inside it, not lobbing stones from outside.

There are five things we do today that cannot continue if we're serious about becoming a profession rather than an occupation.

One — long-term management agreements.

Multi-year contracts that lock in owners corporations before a manager has proven anything, and that make poor performance expensive to exit.

No profession worth the name needs a captive client base to survive. If we're good, owners will stay. If we need the contract to keep them, that's the answer to whether we're good.

Two — conflicted revenue streams.

Commissions on insurance placement, kickbacks on preferred suppliers, referral fees dressed up as something else.

You cannot advise a client while being paid by the party on the other side of that advice. That's not a grey area. It's the oldest conflict of interest in professional services, and we've built a business model around pretending it isn't one.

Three — supplier-sponsored professional associations.

When the bodies that are supposed to set our standards are substantially funded – and influenced - by the suppliers we're meant to be independently evaluating, we don't have a professional association. We have a trade marketing channel with a code of conduct attached for appearances.

Four — vocational certificate-level qualifications.

A Certificate IV should not be the entry credential for a role that involves managing multi-million-dollar assets, interpreting statute, and holding fiduciary-adjacent responsibility over other people's largest financial asset and life safety.

Every profession this room would recognise as a profession — law, accounting, engineering, medicine — sets its floor higher than that. We should be embarrassed that ours doesn't.

Five — self-regulation for ethics and professional conduct.

I want to be direct about this one, because it's the one our industry defends most fiercely.

We have had years, genuinely years, to demonstrate that we can hold our own to account. We have not done it. Not because individuals lack integrity — most strata managers I know are decent, hardworking people — but because the system has no appetite for self-correction when self-correction threatens revenue.

On Government Intervention

So let me say the thing that will not make me popular with parts of this room: government intervention is coming, it is overdue, and I welcome it.

Not because I think regulators always get it right — they don't, and Amanda will have more to say about where the legal framework itself is failing owners. But because an industry that has shown no propensity to reform itself has forfeited its claim to be left alone to keep trying. We've had the chance.

We used it to defend long-term agreements, conflicted commissions, and a Certificate IV floor. That's the record. Regulators are entitled to read it the same way I do.

But regulators won't be all that drives change. The market will do the heavy lifting. A market that is emboldened with knowledge and intellectual power in a pre-AI world it was denied.

The Reframe

So, here's where I land. This is not 'strata management, but with some software.' This is strata management deciding, or having decided for it, whether it wants to be a profession.

A profession has independence from the parties it advises.

A profession sets its own entry standard high enough that the public trusts the credential without needing to check.

A profession disciplines its own when they fail the public, before government has to do it for them.

A profession doesn't need a three-year lock-in contract to keep a client, because the client stays for the judgment, not the paperwork.

If AI takes the commodity work, the procedural work, and a good deal of what we've dressed up as grey hair work — and it will — then the only version of strata management left standing is the one that was actually a profession all along. Everything else gets automated out of existence, and it should.

The question for the next five years isn't whether that happens. It's whether this industry chooses it, or whether it's imposed on us by regulators and a public who got tired of waiting.

For my part, I choose to lead a group of management companies that embrace grey hair and white coats. We will build a new platform for providing professional services that uses machines to provide what I'm calling 'predictive strata management' leaving our people to do hard work with soft skills.

And to the suppliers in the room – you will sit on my platform not because you are willing to pay me 10 – 20 % of your revenue but because you are the very best at what you do and your price is fair.

Michael is founder and chair of The Strata Professionals, a national franchise of strata management firms built on methods and procedures drawn from his 40 years in strata as a manager, researcher, and lawyer.

His weekly newsletter, *The Strata Professional*, is read widely and advances his agenda for reforming and innovating strata management practice. Alongside his law degree, Michael holds a Master of Philosophy in Built Environment focused on mixed-use developments, and he's about to begin a doctorate at Oxford. His thesis, Towering Tragedies, explores how laws impact the quality of decision-making in buildings at risk of catastrophic failure from un-remedied defects.