

14 August 2008



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Dear Julie,

NATIONAL TRADE LICENSING

At its meeting on 3 July 2008, COAG agreed to establish a national trade licensing system that will remove inconsistencies across State borders and allow for a much more mobile workforce as one of its 27 priority areas for regulatory reform and deregulation.

As part of this process the COAG Skills Recognition Steering Committee has provided information sessions across Australia about what COAG had decided and why.

It is noted that the COAG decision refers to “trade” licensing which is actually a term used broadly to refer to vocationally trained occupations which are licensed.

The proposed national licensing system will initially cover seven (7) occupation areas. One of these areas is property agents and encompasses the valuation profession.

The Australian Property Institute understands that vocationally trained occupations are TAFE occupations. The valuation profession, with the exception of practises in New South Wales, moved nationally to an undergraduate degree level many years ago, however, for what ever reason continues to be treated as a “trade” by the federal government.

The marketplace today recognises that an appropriate property degree and two years of supervised practical experience are the minimal requirements to become a fully qualified valuer. This is clearly not a vocational occupation but a profession.

It is also noted that the COAG Skills Recognition Steering Committee has overseen the process of improving mutual recognition arrangements in relation to licensed vocationally trained occupations.

Mutual Recognition is concerned to ensure a person registered to practise an occupation in one Australian State or Territory can practise an equivalent occupation in another, without the need to undergo further testing or examination. Unfortunately it is not concerned with the underlying educational or practical experience requirements which are in place.

The Productivity Commission is currently reviewing the Mutual Recognition Agreement (MRA) and Trans-Tasman Mutual Recognition Arrangement (TTMRA). The Commission will present its research findings to Australian Heads of Government and the New Zealand Prime Minister in January 2009.

Attached to this document are the responses by the:

Australian Property Institute
New Zealand Institute of Valuers
Valuers Registration Board of Queensland
Land Valuers Licensing Board of Western Australia
Valuers Registration Board of New Zealand

in relation to the Productivity Commission Issues Paper of June 2008.

To date, the Institute is unaware of any submission by the NSW Office of Fair Trading which is the body responsible for the licensing of valuers in that State.

It is clear from **every submission** that the very blunt instrument of mutual recognition has created serious concerns about how MRA and TTMRA operate. As eloquently put by the Valuers Registration Board of Queensland when describing the jurisdiction hopping and shopping results of mutual recognition - *"The Board perceives this as the race to the bottom"*.

It is the opinion of the Institute that the proposed Ministerial Declaration on Mutual Recognition for Property Agents is fundamentally flawed and any reference to the valuation profession in the Declaration should be deleted.

Whilst the Institute does not believe the valuation profession should be part of the MRA and TTMRA arrangements as they currently apply, or a national licensing system for the relevant trades, it does support COAG and its goal of a seamless national economy.

To this end the Institute would be willing to work with government to achieve an outcome for the valuation profession which:

Reduces cost to business and consumers
Facilitates national consistency in consumer protection
Assists workforce mobility
Eliminates complexity of multiple licensing regimes
Adopts best practice regulation
Removes inconsistencies across borders
Promotes public transparency

There are many issues associated with achieving such a goal which need to be put on the table. Examples include:

Definition of "national" – should it cover only those who have licensing in place; should it cover negative licensing or gazettal arrangements adopted by State governments. What about those that have never had licensing arrangements in place.

The adoption of best practice regulation - who decides what is best practice; how can it be enforced.

Legislative approach – model to be put in place.

The primary role of the Australian Property Institute is to set and maintain the highest standards of professional practice, education, ethics and discipline for its members. It represents the vast majority of practising valuers in Australia.

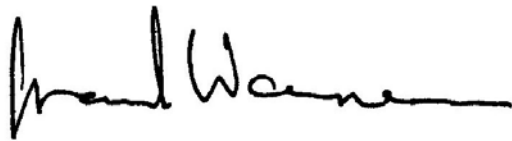
Leading the Property Profession

I enclose for your information a copy of the recently released ***Australia and New Zealand Valuation and Property Standards*** manual.

The adoption of the Institute's standards at a national level would appear to satisfy the standards of all parties in Australia and New Zealand, with the exception of the New South Wales licensing body which needs to be encouraged to raise its standards to an equivalent level through a transitional period. However, whilst this process is in place, the current "end result" of Mutual Recognition must not continue.

The Institute would welcome the opportunity to discuss further its concerns regarding both the effects of Mutual Recognition and the proposed National Trade Licensing System together with the future direction of the valuation profession.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Warner', with a long horizontal flourish extending to the right.

Grant Warner
National Director
Australian Property Institute