

REIA SUBMISSION TO THE PRODUCTIVITY COMMISSION REVIEW OF MUTUAL RECOGNITION SCHEMES: DRAFT RESEARCH REPORT

The Real Estate Institute of Australia (REIA) welcomes the opportunity to make a submission to the Productivity Commission (PC) on its Draft Research Report on the Review of Mutual Recognition Schemes. This submission complements the REIA's initial submission in June of this year.

The REIA is the peak national professional association for the real estate industry in Australia. The REIA has eight members, comprised of the State and Territory Real Estate Institutes, through which around 80% of real estate agencies are collectively represented. The real estate industry employs approximately 77,000 persons. The REIA represents an important element of the broader property and construction sector which together makes a significant contribution to Australia's social climate and economic development.

The Draft Report presents Draft Findings and Draft Recommendations and seeks responses to these.

In reference to occupational standards in general Draft Finding 5.2 states that whilst "many....have raised concerns about variations in occupational standards.....there is very little evidence of harm stemming from these variations." The Draft Report further postulates in reference real estate agents (Box 5.3) that "the educational requirements in New South Wales and Victoria are very similar."

From the information that the REIA's members have provided the REIA cannot concur with the conclusions that the Productivity Commission arrives at regarding the similarity in content of the courses provided for the licensing course for real estate agents by some training providers in NSW compared to those in VIC. A true comparison can only be made with a thorough knowledge of the course content as well as an understanding of the depth that will be covered in particular learning modules. It is only then that a comprehensive understanding of how a particular course prepares one as a practicing agent for the multitude of issues and situations that an agent has to deal with and advise on can be acquired. Whilst it might be a simplification, the REIA's members feel that the shorter courses and those offering flexible training delivery generally provide basic information but don't teach any skills or provide the practical component. Further, some important elements are not addressed at all in the shorter courses.

A good example is the financial component. One of the short courses does not cover this aspect at all, whereas the course conducted by the Real Estate Institute of Victoria, for example, devotes two weeks to cover managing efficient financial systems, implementing and monitoring financial management systems and maintaining trust funds which, the REIA's research estimates, are approximately \$1 billion across Australia and for most agencies are in excess of \$1 million. Expectedly, it covers the subject thoroughly and provides trainees with the skills and knowledge necessary to be practising agents. Indeed it is hard to imagine how an agent could operate without these skills in managing clients' funds.

Similarly the legal module of the short courses provides only skeletal information. Further the courses do not provide any information on the differences in legal aspects between states even though it is known to the course providers that a majority of their trainees are from interstate and intend to practice in their home state. The trainees then return to their home state without any knowledge of the legal requirements for sales contracts, leasing, strata title, and tenancy agreements to name some examples.

The short courses on property management have no legal component whatsoever even though in the day to day business of property management it is of critical importance to have a sound grounding in legal aspects.

The REIA in its previous submission raised the point that abuse of Mutual Recognition was at times being facilitated by regulators who do not consistently verify addresses of licence applicants as being bona fide residents of that state. REIA has information from its member organisations suggesting that some trainees at the short courses are only temporary residents of that state and that within two months of completing the course, gained a licence in another state under Mutual Recognition. If nothing else this is a deceptive practice which should be addressed. It also indicates that those from interstate undertaking the course had no intention of practicing in the state in which they received their training. Something which the REIA does not believe is in the true spirit of Mutual Recognition and providing for improved labour mobility.

The REIA supports the intent of Mutual Recognition for bona fide applications from estate agents who have qualified and worked in another state. However what is presently occurring, under the guise of Mutual Recognition is a long way from this and is putting at jeopardy consumers and the status of the industry.

The REIA would welcome the opportunity to discuss the matters raised with you further.

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