

Submission: Review of Property Services Industry Training Standards

Fundamentally I believe that it is too easy to get a real estate agent license in NSW and it is too easy to keep it. We need to increase barriers to entry to reflect the high value of real estate and associated risks in both buying and selling.

The Certificate of Registration competencies appear to be significantly less than when I got mine through the TAFE system back in 2000.

CPD points are largely viewed as a box ticking exercise and not a way to keep current with best practise. The fact you can get 12 points by attending the REINSW Women in Real Estate Conference shows what a mockery this whole system is.

The fact that licensees in charge are required to supervise their staff would lend itself to having a supervision component of their CPD requirement. I would be in favour of 4 additional points per year, for example.

I support a return to the system where one could not get a license until they had 2 years industry experience.

Key issues for BUYERS AGENTS

- Buyers agents have not been treated as a separate occupation, rather as a subset of selling agents, with a cut-down version of the license.
- This is a major problem because the RISKS associated with having an inexperienced/uneducated buyers agent far outweigh those of engaging a sub-standard selling agent.
- Buyers agents actually need MORE training than selling agents - specifically in the areas of a) identification of property faults, b) assessing strata reports, c) valuation/appraisal, d) investment benchmarks/strategies, e) negotiation skills, f) buying at auction.
- Buyers agents who buy investment properties need to advise their clients on what constitutes a good investment. This veers dangerously close to financial advice and yet this is currently not addressed in the licensing requirements.
- I believe that more buyers agent licenses are acquired by people without experience than other types of license. It should not be possible for somebody without experience to be able to get their license and then set up a business advising consumers on the purchase of property. It is perceived by many in the industry to be an easy license to obtain.
- Poor skill level in a buyers agent can result in potential losses to the tune of hundreds of thousands of dollars - in either short or long term.
- The term "buyers agent" is often misused and adopted by many sales agent's assistants (who are engaged in handling buyer enquiry for the stock listings held by their agency) and also by property spruikers (often peddling developer stock and offering "investment seminars" which are actually sales presentations). Consumers

are often confused by this and a distinction needs to be made. This could be achieved by improving the qualifications needed to be able to use the term.

1.1 Are there additional risks that should be included in an assessment of training standards?

The risks associated with inexperienced buyers agents recommending poor quality property, property that does not actually suit their client's needs, or (THE BIG ONE) paying too much for the property.

1.2 Are there other issues that should be considered in assessing training standards? If so what are they?

Who can actually call themselves a buyers agent - consumers need to be confident that a buyers agent actually has the relevant license or certificate of registration and is working under the supervision of a licensed buyers agent.

1.3 What do you think should be the minimum educational standard for each category and why?

I believe a licensed buyers agent should hold a diploma - there is much more involved in property selection, assessment, due diligence and valuation/appraisal than is reflected in the current license.

The certificate of registration should be specific to the requirements of a buyers agent.

2.1 Although it is clearly possible to enter the property services industry without any experience, how often does this occur?

I have met many licensed buyers agents who became licensed without prior experience. Many REBAA members entered the industry in this way (I would guess 50%).

2.2 What are the practical consequences of the absence of a time based requirement to enter the property services industry?

Buyers agents are learning "on the job" at the expense of their clients.

2.3 What does time based experience achieve?

Exposure to industry practise (hopefully best practise - which is more likely to occur if qualifications are raised). Many buyers agents start out extremely naive, so time based experience would address this issue.

3.1 What needs do the current CPD requirements meet?

I'd argue none.

3.2 What are benefits of CPD and what are the costs to business?

Benefits are minimal unless the licensee in charge insists on specific courses. The costs can be as low as \$99 per staff member and the course can take as little as 4 hours. Some licensees expect their staff to pay for themselves and do the course in their own time (or online).

3.3 What are the problems or issues with the existing CPD regime in NSW?

As above. In my experience CPD points are not taken seriously. The RTOs I have had experience with over the years tend to give out the answers to the assessments. Rather than try to impart knowledge and skills, the focus was on being able to quickly complete the open book assessment at the end of the session.

3.4 Are the current requirements relevant?

No.

4.1 What are the current problems with the delivery and assessment of training for the property services industry?

The expectations of the organisations delivering it.

4.2 What problems have arisen and what are the impacts on the industry?

Minimal actual education/skills development results in poor standards across the industry, particularly when people work for small, under resourced firms that provide little or no staff training. The impact is obvious, especially when compounded with the fact it is too easy to get a license in the first place.

4.3 What changes should be made to the delivery and assessment of training for the property services industry?

Buyers agents should have their own category, which reflects the risk to consumers from getting advice from inexperienced practitioners. CPD points need to be taken seriously. The expectation of RTOs in terms of assessment of skills and learning outcomes needs to be beefed up.

5.1 What are the key issues in relation to cross border operations of property and achieve? 5.2 What are the current barriers to achieving mutual recognition? 5.3 How might we improve mutual recognition for auctioning of property and livestock?

I am not qualified to answer these questions.

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