



SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

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REAL ESTATE INSTITUTE THREATENS TO TORPEDO NATIONAL LICENSING REFORMS

It is now clear that the Real Estate Institute of Australia, and its various State bodies, intend to torpedo the proposed national license for real estate agents. The REI has made false claims of a "dumbing down" of educational standards; silly demands for a diploma level of education; and misleading assertions about the consequences of removing licensing requirements for commercial agency work. Despite the REI claiming that it "supports national licensing" it is now obviously bent on derailing this vital COAG initiative, instead of constructively responding to the [Regulation Impact Statement](#) (RIS).

Unfortunately, while most industry associations regard the removal of unnecessary "red tape" as a major objective, some associations are secretly happy with government regulation. Such regulation erects barriers to entry to their industry and therefore reduces competition within the industry. Regulation, in the form of compulsory licensing and continuous professional development, also provides a handy income stream for these industry associations and for their training providers (which are often one and the same). The REI has been a beneficiary of both outcomes and these are now under threat. The REI's self-interest, however, must not be allowed to dictate the national interest.

The REI claims the educational requirements of the proposed national license, which were determined by an industry/government working group, are a "dumbing down" of educational standards. What it hasn't revealed is that the REI had three members on this working group – far more than any other organisation – and these representatives all signed off on these requirements. The educational qualifications for the proposed national license are the same level of qualifications currently required for real estate agents in Queensland, NSW and Victoria, where more than 80% of real estate agents practice. Can anyone recall the REI previously suggesting that real estate agents in NSW, Queensland and Victoria were under-qualified ("dumb"?) compared to their counterparts in SA and WA? Of course not! In its desperation to sink the reforms the REI is sprouting nonsense.

What about its claim that the proposed removal of licensing for commercial agency work will leave the 'consumer' unprotected and that "16 year-olds" will be able to sell commercial property? Let's leave aside the fact that the existing real estate license (as well as the proposed national license) doesn't teach the holder anything about commercial property, since it is overwhelmingly orientated to residential property. The REI also ignores the fact that the 'consumer' being supposedly 'protected' by a license is not the 'man in the street'. The 'consumers' are the owners of commercial real estate and these are businesses (often very large ones), or business people, who have selected their own manager (agent) and who have the protection of an enforceable management agreement (contract), as well as commercial recourse, if the transaction goes wrong. They do not need, or want, taxpayers' money being spent to 'protect' them.

Of course there are occasional risks in commercial real estate transactions, just as there are risks in any business transaction, but in a market economy this does not necessarily mean such transactions should be regulated by governments (through licensing and compliance with Estate Agents Acts). This is 'nanny state' thinking. In any event the RIS, after surveying the state regulatory authorities, could find no evidence of significant risks warranting regulation at either the 'higher end' or the 'lower end' of the commercial property industry. All that licensing and regulation does for commercial property owners is impose unnecessary costs on managers (which are inevitably passed back to the owner) and restrict their ability to negotiate optimum arrangements with other property managers (such as solicitors or accountants).

The national licensing system (for a range of occupations, not just real estate agents), will improve workforce mobility, reduce business costs and boost national productivity. The RIS states removal of licensing will save commercial property owners up to \$2.37 million a year, a considerable underestimation. The REI's false and self-interested assertions must not be allowed to jeopardise this very important microeconomic reform.