

industry summit

Your industry's future in focus

REINSW INDUSTRY SUMMIT

Thursday, 27 November 2014

UPDATE #1 - DECEMBER 2014 - DELEGATE RECOMMENDATIONS

Securing our industry's future

What do we need to do to secure the future fitness of our industry? That was the question posed to the 75 industry leaders at REINSW's second annual Industry Summit on 27 November 2014.

Following the success of the inaugural event 12 months ago, the 2014 Summit again provided an open forum for industry figures to voice their opinions on the issues, challenges and trends impacting the industry and profession.

The Summit is vital for our profession and plays a critical role in shaping how we will move forward. Delegates were strongly encouraged to put their issues on the table so we can move forward with conviction and achieve the outcomes the profession wants and needs.

The Summit focused on six key areas for discussion and the recommendations put forward by delegates in each of these areas are summarised below.

1. The great portal debate

What can the industry do as a collective to influence the major players and improve the services and costs for agents?

- **Support industry-owned portals**
There needs to be more and better support of industry-owned portals. By doing so competition will increase, which may go some way to breaking the stranglehold that the major portals currently hold.
- **Negotiate discounts**
REINSW should approach all the portals in order to negotiate discounts for members. Further, there is strength in numbers and therefore the profession should work together as a collective to secure competitive pricing; i.e. leverage REINSW's group buying power.
- **Engage with and influence major portals**
There is a need for greater dialogue and engagement between the portals and the profession to ensure the former understands the pressures faced by agents. Further, the portals, being major industry suppliers, need to understand that it is agents who are their customers, not consumers, and as such deserve to be treated with a service ethos.
- **Rethink current marketing model**
The major portals have become one of the "trusted sources" of information in the minds of consumers. It is time to rethink the current marketing model in order to take back some of ground that has been lost to the portals; e.g. focus more on community-based marketing (for example, more and better use of agency websites) so that agents once again become the trusted source of information for consumers in their area of practice.
- **Keep an eye on the future**
What does tomorrow look like? The profession needs to keep an eye on the future, so that developments in the portal space don't take the profession by surprise. This will ensure that agents stay on the front foot for the future.

2. Our national presence

How should a national real estate body come together to best benefit the industry?

- **New national body**
A new national body is needed. The current model is outdated and requires a complete overhaul, so that the best people in the profession from across the country are representing national interests.
- **Operational benefits and savings**
REIs across the nation have so much in common; the similarities are far greater than the differences. There are clear operational benefits and savings that would flow from bringing the REIs together on a national basis. This approach would see each state enjoying operational and commercial economies.
- **Evolution, rather than revolution**
A pathway was identified whereby two or three state REIs could begin working together on a more limited basis, establishing a solid foundation for future expansion across the balance of the states. It will be a journey of small steps; starting slowly, areas of commonality would be identified one by one rather than going for a 'big bang' approach.
- **National lobbying voice**
A much stronger lobbying voice on the national stage is required. Employment of a national lobbyist, funded by the state REIs, could achieve this while still allowing each state to address issues that are particular to their local environment.



3. Lifting education standards

How can entry-level and ongoing industry education be better aligned to workplace requirements?

- **Raise entry-level education standards**
The professionalism of the industry is dependent upon improving education and training standards, with particular emphasis on the requirements for entering the industry. Agents are dealing with their client's biggest asset and as such need to be equipped with the skills, knowledge and experience to deliver an appropriate level of service. Therefore, entry-level education standards need to be improved.
- **Experience requirement for Real Estate Licence**
Many of today's most successful agents gained their qualification via an apprenticeship-style model and there is merit in returning to a similar system; requiring entrants to the profession to "do their time" in order to gain experience before being eligible to hold a Real Estate Licence.
- **Improve Continuing Professional Development**
CPD courses need to be more relevant and beneficial, and the regime needs to be better policed by the regulator.
- **Improve Recognition of Prior Learning**
In some instances it is far too easy to obtain RPL. As with CPD, the regime needs to be better policed by the regulator in order to ensure that those obtaining their Real Estate Licence actually have the appropriate skills, knowledge and experience.
- **Core learning plus specialist streams**
At present all agents complete the same units of competency in order to obtain a Real Estate Licence. More beneficial would be a model whereby all agents complete a core series of units and then choose a specialist stream; e.g. in order to specialise in property management, a series of property management specific units of competency would be completed on top of the core units.
- **Put national licensing back on the agenda**
While the national licensing model recently proposed was grossly inadequate, there is much merit in a national licensing regime providing it meets the needs of both agents and consumers.



4. Regulatory challenges

How should NSW Fair Trading address the key regulatory challenges facing the industry?

- **Political party**
There was support for the concept of forming a property focused political party. Bringing together relevant industry bodies, the party would be focused on overhauling the property and business related taxes that currently inhibit property investment, as well as creating the opportunity for real estate industry reforms to receive the attention they need and deserve.
- **Partial self-regulation**
A more cooperative relationship with government, rather than the adversarial one that currently exists, is a must. This could be achieved under a partial self-regulation model where REINSW would take a greater role in helping agents understand what their obligations are and how to comply with them, rather than NSW Fair Trading attempting to regulate the industry at the point of service delivery.
- **More attention and respect**
The property industry is one of the biggest revenue generators for the NSW Government and it is simply not accorded the attention it needs and deserves. NSW Fair Trading is prepared to police the industry at the point of service delivery, but they are not in the business of developing agency practice. Moving the real estate sector to another department (such as NSW Land & Property Information) should be considered in conjunction with a partial self-regulation model.

5. Payroll tax and the contractor dilemma

What are the unknowns that need to be clarified by the NSW Office of State Revenue?

- **More clarity**
The NSW Office of State Revenue needs to provide clarity around the issue of contractors and employees, and when payroll tax is applicable; the rules regarding payroll tax need to be black and white. For far too long, the property industry has been operating in a very grey space, and it is time for the NSW Government to give us a commitment to providing guidance on the issue.
- **Amnesty period**
By granting an amnesty period, the government could work hand in hand with the industry to rectify any current non-compliance; business owners could come forward without fear of penalty.



6. The role of property managers

Where do risk and responsibility start and finish?

- **'Property Manager' or 'Tenancy Manager'?**
Delegates were divided about whether there was any benefit in changing the title of 'property manager' to 'tenancy manager', but agreed that the title has led to misunderstandings as to the qualifications that property managers hold. While it was agreed that in most instances the role should be more akin to that of a tenancy manager, the real issue was how more responsibility for risks and safety compliance could be shifted back to the landlord and not left with the property manager.
- **Independent building inspections**
Independent building inspections should be conducted at the start and end of the tenancy. It is prudent for landlords to engage appropriately qualified service providers to ensure that all safety risks are identified and addressed, thus minimising accidents and injury and ensuring that ongoing maintenance is well managed.
- **Put responsibility back on landlords**
Obtaining some sort of warranty of safety from the landlord may be one way of putting responsibility back on landlords.
- **Revisit managing agency agreement**
Taking account of what is prescribed by the *Residential Tenancies Act*, the managing agency agreement should be reviewed to ensure that it accurately reflects the scope of services provided by property managers.
- **Better training**
The job description for property managers has changed dramatically over recent years and they now need more and better training to ensure they are fully cognisant of their responsibilities.

Special interest groups

At the close of the Summit, delegates were invited to stay involved. A special interest group will be formed for each of the six areas discussed at the Summit and delegates were invited to nominate themselves to participate in one or more of the groups and be an active part of shaping the future of the industry.

The nominations are currently being compiled and the composition of the groups will be announced early in 2015.

REINSW will publish quarterly update reports in 2015, setting out the progress that has been made and the actions that are taking place.