

# Review of real estate education regulations

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## **Estate Agents (Education) Regulations 2020.**

### To Whom It May Concern

As trainer/assessor for the last 5 years in the Real Estate sector and as a Licensed Estate Agent for the past 9 years plus having 20 years of involvement with the real estate industry as an agent, administrator, trainer and business coach I make the following comments for your consideration in regard to the proposed Regulations:

### ***Agent's Representative***

1. Whilst I am in agreement that the Agents Representative course needs to be strengthened to provide a higher education requirement prior to entering the industry I also believe that we need to balance this against the fact that this educational requirement is delivered in the context of the VET sector. By definition Vocational Education and Training (VET) qualifications have been developed with the specific goal of preparing students with skills for work. VET is designed to help people to join or re-join the workforce, move into a new career or gain additional skills in their existing career. The Agent's Representative course must be completed satisfactorily prior to commencing work with an agency in the capacity of an estate agent as defined in the Estate Agent's Act 1980. Therefore, it needs to be noted that the vast majority of students undertaking the required study for the Agent's Representative course will have NO prior experience in the real estate industry. Their study will be their first exposure to the mechanics/legal ramifications of working in the real estate industry. The number of the units that have been proposed in my opinion are best delivered once a person has exposure to the industry as they require practical application to fully understand the application and implication to the job role. The time factor that it will take to complete the required units also needs to be taken into consideration as this will also affect employment practices by real estate agencies.
2. 18 units is a very large increase compared to the current 3 that has been in place. I firmly believe that 3 units are not enough but that by selecting 18 and in effect requiring the full completion of the Certificate IV in Real Estate Practice as per the CPP Property Services Training Package is a move too far in the other direction. It will take on average I would suggest 9-12 months as a conservative estimate for a student to complete 18 units prior to entering the industry. It will make job seeking far more difficult and onerous for the student – under the Estate Agents Act they would not be able to work as per Section 47 of the Estate Agent's Act 1980 in real estate while save for basic clerical, marketing and administration functions. And will separate to a much greater extent the theory and on the job practice within the workplace context – learning will largely take place in isolation from the workplace and this will be further exaggerated by the fact that now most Agent's Representative courses are undertaken online and of course during COVID solely online.

3. Increasing the number of units to be studied is necessary for the many reasons outlined in the RIS. However, lifting it to 18 units is moving too far from the current 3 units. It also does not make sense when the Packaging Rules for the Property Services Training Package states:

“To achieve this qualification, competency must be demonstrated in:

18 units of competency:

- 5 core units
- 13 elective units”

Effectively, you are requiring the Agent’s Representative course to mimic the new **CPP41419 - Certificate IV in Real Estate Practice** (Release 1). If it is your intention to require all new entrants to achieve this new qualification, then this would be better achieved over a 12-24 month timeframe but would also require on the job experience to be gained as part of the qualification process.

I would propose that new entrants to real estate must complete 10 units as the prescribed course of study for the purposes of meeting the Education Regulations for the Agent’s Representative course - 4 of the 5 core units and 6 elective units prior to commencing work in a real estate subject to receiving their written Authority to Act as Estate Agents (Section 47 Estate Agents Act 1980) with the balance (8 units) to be completed within a further 12 month period after gaining fulltime or part time (not less than 20 hours per week) employment as an Agent’s Representative.

#### **Core units**

CPPREP4001	Prepare for professional practice in real estate
CPPREP4002	Access and interpret ethical practice in real estate
CPPREP4003	Access and interpret legislation in real estate
CPPREP4004	Establish marketing and communication profiles in real estate

**And**

BSBDIV301	Work effectively with diversity
CPPREP4101	Appraise property for sale or lease
CPPREP4102	Market property

CPPREP4105	Sell property
CPPREP4123	Manage tenancy
CPPREP4124	End tenancy

I do not support at all any streaming of the Agent's Representative course into areas of practice within the industry e.g. residential sales, property management, commercial & industrial, business broking etc – in my opinion the initial education foundation needs to be kept as broad as possible. This then enables maximum flexibility at the initial entry points, allows new entrants to try various areas of real estate practice and move between areas of real estate practice and allows employers to have flexibility re a multi skilled workforce. From personal experience as a General Manager with a very large privately owned real estate agency I needed the flexibility to move team members between different areas of the business according to needs, skillsets etc. As a former Director of a residential sales team I needed for my team members to have an understanding of the laws affecting residential property management, strata properties etc given we were often selling both – just having sales knowledge would not have been enough and in fact would be contrary to the best interests of vendors, buyers and tenants.

4. If the approach I have outlined in point 3 above is not acceptable to you as there is a desire to lift the barrier to entry to real estate practice as per the points outlined in the RIS then why not have a single point of entry re education requirements – this being the new **CPP41419 - Certificate IV in Real Estate Practice** (Release 1). This would mean the full qualification would have to be achieved to enter the real estate industry as an Agent's Representative and then once the required and designated industry experience has been achieved (be that 12 months or 24months ) an application can be made to the relevant Authority, currently Business licensing Victoria, for a full licence as a Licensed Estate Agent. Secondly, if the balance of the 8 units are not completed within the 12 month period then the Agent's Representation course of study is negated and so is the ability to work in the industry. I also believe there should be independent registration of Agent's Representatives (above and beyond as agency advising the BLV as to which persons are working with the specific agency and in what capacity as either a Licensed Estate Agent or Agent's Representative) with the BLA similar to that of Licensed Estate Agents so that records are kept of the education of incoming persons to the industry and a fee should be charged for this registration to the person seeking it. Further all estate agents in the industry (Agent's Representative and Licensed Estate Agents) should be issued with a registration number and this number should have to be attached to all documents completed by the agent.

5. Further any agent's representative who has been working in the industry for more than 2 years and has not begun the process of completing the current Certificate IV in Property Services is required to begin the upgrade process to complete the new qualification **CPP41419 - Certificate IV in Real Estate Practice** (Release 1). There are far too many estate agents working in real estate agencies who completed the then required study/course for working as an agents representative and have done little or no further formal education – this does little to further the standing of the industry or ensure agents progress in their learning. Consumers are rightly concerned by the lack of education by estate agents – estate agents work with consumers on some of their most significant purchases in life yet have less formal education in their professional area than almost any other trade or professional person. To put it simply this is disgraceful and insulting to consumers.
  
6. There are units prescribed which in my opinion are not suitable or applicable to a person who is working an Agents Representative position, particularly when first entering the industry – one of these is **CPPREP4125 Transact in Trust accounts**. This covers processing deposits, processing payments, fees and charges, and maintaining Trust records none of which I would suggest an OIEC/Principal Estate Agent would want an agent's representative to be undertaking. This is well suited to the full CERT 4 qualification that will be the educational requirement for a Licence, but at an agent's representative level seems to be inappropriate.

Regulation 9 (b) the timeframe of 10 years is inappropriate I believe this would be better served to be set as 5 years .Otherwise a person who did the course many years ago can effectively commence work without having the relevant knowledge in regard to some of the most basic legislation requirements which have come about in the last 5-10 years – e.g. Underquoting /Statements of Information, changes and more to be introduced in January 2021 to the Residential Tenancies Act 1977 and this does is not helpful to improving the quality of knowledge by those working in the industry as the proposed Regulations clearly intend.

### ***Licensed Estate Agent***

1. Regulation 6 (1) education requirements for a licenced agent –Certificate IV qualification and the Diploma qualification. I would suggest that the Diploma requirement is better suited to those who wish to own and operate their own businesses and should be applied to OIEC and Principal Estate Agents. If the proposed education requirement remains as a 34 unit ( 29 units at Certificate IV level, bearing in mind you only need to pass 18 units to achieve the Certificate IV + 11 units at Diploma level) requirement for estate agents I would suggest that this will just ensure that the vast majority of agent's representatives will not progress forward and undertake the additional unit requirements. This will have the opposite effects to those that the Regulations are seeking to achieve, that being, more qualified and knowledgeable agents in the industry to better serve the public. It is my concern that rather than having more licenced agents you will create an environment where purely the OIEC and Principal Estate Agents will undertake this education.
  
2. It also begs the question as to what additional education will be required of OIEC/Principal Estate Agents who are currently working/running real estate agencies – surely there will be a

requirement at the very minimum for them to undertake the 11 specified units at Diploma level – many of these agents have no recent formal education study, little or no knowledge of modern management theory or understanding of current legislation re human resources, industrial relations, cyber security, consumer rights etc.

3. Regulation 6(2)(b)(ii) being employed as an agent's representative for 2 years in the last 10 years automatically entitles the person to be eligible and apply for a real estate licence. This is an absurdity – how does 2 years equate to the study and learning of the proposed 34 units? Why would any currently employed agent's representative even contemplate further study when 2 years work experience will enable him/her to apply for their real estate licence. As the proposed regulations are silent on the education requirements to hold the position of OIEC/ Principal Estate Agent it can only be assumed that such person who qualify for a full licence as a Licensed Estate Agent can also be OIEC/Principal Estate Agents and open their own agencies or lead agencies with little or no knowledge of their obligations under the Law. This is fraught with danger and will in my opinion lead to disastrous outcomes for consumers, and agencies. This proposed regulation will weaken the industry significantly with an influx of licenced agents who will take advantage of such a low entry point to acquire their licence and again goes against the intentions of the Regulations – to better protect the client and increase the standard of knowledge of agents.

### ***Conclusion***

As a trainer and a licensed estate agent I would like to see a format as per below which would achieve all of the outcomes sought by the new regulations and deliver a positives for both industry and consumer

Agents Representative – Education requirement 10 units as per my Agent's Representatives Points 3 & 4 above.

Estate Agents Licence –Cert 4 CPP41419 as per schedule 1

OIEC/Principle – Diploma CPP51119 and the requirement that all existing OIEC/Principal Estate Agents be required to upgrade to this standard within 24 months of the Education Regulations being gazetted.

Yours sincerely

Susan Weston

Licensed Estate Agent, Trainer and Assessor

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