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To whom it may concern,

I write in response to the invitation for comment for the Review of real estate education regulations 2020.

My interest emanates from being involved in the real estate industry since 1983 and I am currently working as an academic whose research interests are housing and real estate agency practice. The following are my comments/thoughts regarding this review.

- I am pleased to see standards enhanced and I feel they should go a further in terms of their rigour. Professionalism is enhanced through education, and more rigorous requirements influence behaviours through the potential of loss incurred if caught breaching prevailing standards. In other words, if the effort required to attain appropriate qualification is significant, then people are less likely behave badly for fear of loss of personal investment. It also acts as a barrier for persons seeking to get into the industry in boom times with the expectation of high income. Many of these people leave when markets decline. The “damage” caused to perception of the industry through wrong motives and behaviours is significant.
- Lack of underpinning property knowledge. Such knowledge is important when providing advice to clients and I don’t feel the current training packages delve into this area sufficiently. Rather, the strong emphasis on consumer law throughout the majority of the units of competency tends to “over-shadow” the property principles being presented. Previous iterations of the licencing course had a much greater focus on property and construction concepts. In my view, while operational knowledge of consumer law is vital, it is also vital agents have a better understanding of property theories and processes. The rebuttal here is that this knowledge is best learnt in practice. However, with agent’s remuneration focussing on success fees, it is not surprising that lack a of technical knowledge may be substituted with “cutting corners” when dealing with clients. We go to solicitors, doctors, town planners for their professional and technical knowledge, agents should be the same in this regard.
- As presented, it is my view the economic model is flawed in some of its assumptions. Assuming actual out of pocket costs and opportunity costs are passed onto clients is not my personal nor professional experience. It has long been recognised that an individual, seeking to further their career is willing to accept a reduction in income while studying. The competitive nature of the industry and commission remuneration structure doesn’t allow companies to “embed” perceived lost income into fees charged to clients. Additionally, companies rarely pay for the prescribed training of individuals. There are always exceptions but for the majority, this is not the case.
- Another very important issue and one that can significant impact if adopted is developing agent knowledge of energy efficient housing. Given the industry has a low level of engagement with energy efficient housing and increasing awareness by buyers, tenants and sellers, some form of house energy performance standards



should be embedded into the agent's representative course. This should both apply to property management and sales stream. It is recognised that such a competency may not exist within the property services training package, but it can be imported from another package.

It is acknowledged that the impact of residential buildings upon the environment is substantial. Real estate agents are uniquely positioned to provide information regarding house energy performance, and this can be achieved in a non-threatening way. The current Victorian voluntary Residential Energy Disclosure scheme was developed to enhance buyer awareness at point of sale of house energy performance capabilities. It is expected to continue to spread throughout the sector and therefore, it is essential agents understand the intent and limitations of this, and/or similar schemes as they develop. A unit of competency imbedded into regulatory training will enhance the confidence and significance of this important issue to agents.

