



ENTITY

Achieving recognition as a profession isn't a one-off occurrence. Professional status is something that's closely monitored and assessed over time to ensure the appropriate standards are consistently being met. REINSW President John Cunningham explains the role of the professional entity in this process.

For a profession to exist, there must be a capable entity – usually a professional association – to oversee and administer professional entry, standards and compliance expectations on behalf of the community. The instrument under which the entity does this is called a Professional Standards Scheme.

A Professional Standards Scheme is a legal instrument that binds an association to monitor, enforce and improve the professional standards of their members and protect consumers of professional services. The association must be approved by the Professional Standards

Councils to represent their members as professionals for the purposes of professional standards legislation. In return for certain commitments, the Professional Standards Scheme caps the civil liability or damages that professionals taking part in the association's scheme may be required to pay.

In the case of our industry, the Real Estate Institute of Australia will be the entity responsible for the Professional Standards Scheme. They will, in cooperation with state and territory Real Estate Institutes, expect and enforce high standards of practice by those members who achieve professional status.

Through the Professional Standards Scheme, and via REIA as the professional entity, we'll be able to implement a range of measures to improve professional standards – from effective risk management strategies and CPD programs to codes of ethics and integrity systems.

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Making co-regulation a reality

Improving professional standards has been high on REINSW's lobbying agenda for years and the Institute has been pushing to revamp the industry's regulatory environment through the introduction of co-regulation.

Under a Professional Standards Scheme, we'll effectively be working in a co-regulatory environment. We've long held the view that REINSW can make a valuable contribution to the regulatory environment and professional conduct of real estate agents.

The beauty of a Professional Standards Scheme is that co-regulation will happen.

Key to co-regulation in a professional environment is ensuring a two-way flow of information and knowledge between the regulator and practising agents. Co-regulation generates a far better regulatory environment that can more effectively respond to the issues facing contemporary real estate practice.

In New South Wales, REINSW will be actively involved in developing and maintaining a robust regulatory environment.

Our proximity to the everyday challenges and issues facing the industry and profession gives us a unique insight and understanding of the needs of agents, consumers and the market. This puts us in a prime position to assist the regulator to make decisions that better reflect the contemporary issues facing the industry and to effectively communicate regulatory obligations to the profession.

Moreover, Mr Cunningham explained, REINSW is in the position to respond more quickly to emerging trends and changing consumer expectations.

The government machine is a slow and unwieldy beast. Getting any sort of reform through the bureaucratic red tape can take years. But REINSW, under the umbrella of REIA and the Professional Standards Scheme, will be able to ensure professional agents are responding to what's happening 'on the ground' by adjusting standards and training as required, and monitoring behaviour accordingly.



Acting on complaints and being able to take disciplinary action will be an important part of REINSW's role.

Let's be honest, we're currently a bit 'toothless'. We rely on the regulator to have the teeth. But they're just not as steeped in the industry as we are and there can be a tendency for the regulator to focus on the wrong issues, rather than tackle the ones that really matter.

Working with REIA as the professional entity, a Professional Standards Scheme will allow REINSW to take a more active and meaningful role in not just enforcing standards, but also improving them.

Improving transparency for consumers

One of the criticisms often levelled at real estate agents is that there's a lack of transparency.

Far too often there's a lot of smoke and mirrors. Consumers crave transparency. They want to understand what they can expect from their agent at every stage of the real estate transaction and they want to know that the information they're receiving is true and correct.

REIA, as part of the push towards professional recognition, is building a comprehensive online knowledge hub for consumers.

The aim is to 'pull back the curtain' on all things real estate. It will provide transparency across all areas of the property industry – sales, leasing, commercial, strata and more.

Consumers will find the answers to all their questions and will know what they should expect from their agent. Then, when they deal with an agent who acts in compliance with what is set out in the knowledge hub, they can be secure in the knowledge that the agent is a professional acting transparently.

It will be our industry's 'axis of truth'.



Next steps

REINSW, together with REIA, is focused on driving professionalism in the real estate industry. In the coming months, we'll be working closely with REIA and our members to ensure the most appropriate framework is in place so our application to the Professional Standards Councils for recognition as a profession is successful.

We'll be collaborating with REINSW members to bring about positive change for our industry and we're looking forward to being able to provide them with a clear pathway to become professional members of REIA.

*Mr John Cunningham
Chair, REIA Professionalism Committee and REIA Project Leader of the Pathway to Professionalism*

A dynamic profession needs a dynamic entity

Acting CEO of the Professional Standards Authority, John Rappell, explains why a strong and dynamic association is at the centre of professionalism.

Professionalism is more than just a label someone can apply to themselves. It's one thing for an individual to self-assess and say 'I'm a professional', but the label is only truly deserved when it's applied through some sort of external recognition process. It's that external recognition that's the key ingredient, because the individual can prove that they've met certain standards set down by the professional entity that has been recognised with a formal Professional Standards Scheme.

Role of the entity

In the case of every recognised profession there must be an entity, usually an occupational association, capable of overseeing and administering compliance. The professional association has a special role to play as the representative body sitting between the regulator and the regulated. In the case of real estate, the Real



Estate Institute of Australia will play that role. REIA will sit between the government, who is the regulator, and (through the state and territory REI's) the professional agents, who are those being regulated.

Importantly, the professional association is a conduit in both directions, ensuring information is passed from the regulator to the regulated and vice versa.

The entity is also involved in negotiating what is the appropriate level of regulation, acting as a broker of sorts to get the right balance.

The regulator has an obvious interest in ensuring recognised professionals are doing their work properly, and so the entity must communicate the professional groups' activities to them. Equally, the entity must inform their professional members of the regulator's position on regulation, which is dynamic and will evolve over time.

We often think of professions as static, but they're far from it. The way regulation is balanced between the regulator and the regulated is dynamic. It needs to be re-balanced and recalibrated all the time to take account of changing technology, changing views of value and changing consumer needs and expectations. This dynamism comes in at the entity level, so the profession is responsive to the community it serves.

According to Mr Rappell, a professional association is in a unique position to monitor behaviour, collect data and understand the professional space in a more constructive and intelligent way than anyone else. Why? Because they view the profession through a much wider lens. They see the bigger picture.

As the professional entity, these associations see what others don't.

They have information and intelligence about what's happening 'on the ground', which they can pass to the regulator. This could be anything from a trend that's occurring in the industry to an upswing in consumer complaints about a particular behaviour or activity. This helps the regulator to better assess the regulatory framework and make changes accordingly.

They also have a close understanding about what the regulator is doing, which they can pass back to their professional members.



It's a constant balancing and re-balancing act and, ultimately, the regulator wants professionals to be able to regulate themselves through their professional entity in a way where oversight by the regulator is only an extreme measure when absolutely necessary. To get to this point, there has to be this transfer backwards and forwards and the entity is in the unique position to act as facilitator.

Community expectations

The community looks to professional entities for assurance.

Consumers want to know that the individual professional they're dealing with has met certain standards – that they're ethical, have undertaken specified training, and have the skills, knowledge and experience to carry out their role.

They also expect professional entities to provide an avenue of redress. If something goes wrong, they expect there to be a complaints system in place that is actively managed. They also expect that disciplinary action will be taken if a member of the profession is found to no longer meet the required professional standards. This might be in the form of re-education and mentoring or, where required, expulsion from the profession.

Overall, the community looks to professional entities to set the tone and be 'model citizens'. They expect to see leadership and integrity in the way professional associations operate. It's about more than simply 'talking the talk'. They expect them to 'walk the walk'.

It should never be forgotten that professional associations also have a role to play in ensuring the wellness of their members.

All too often personal and professional worlds collide. We're all working harder and longer, and it's not uncommon for personal difficulties to sometimes spill over into the professional workspace. Professional entities help their members by teaching them how to take care of themselves and deal with pressures to safeguard their wellness.

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Becoming a professional

REINSW, in conjunction with REIA, are working with the Professional Standards Councils (PSC) and its agency, the Professional Standards Authority, to explore how real estate agents can be formally recognised as a profession.

The PSC uses the 5 Es to define the elements that are necessary to qualify as a profession. Over the course of 2017, we've featured an article in each edition about one of the following Es to explain the pathway forward.

1. Ethics

The prescribed professional and ethical standards that clients rightfully expect their professional to exhibit.

2. Education

The specific technical and professional requirements to practice in a discrete professional area, linked to formal entry-level qualifications.

3. Experience

The personal capabilities and expectations of experience required to practice as a professional in a specific area.

4. Examination

The mechanism by which qualifications and ongoing compliance are assessed and assured to the community.

5. Entity

There must be an entity, usually a professional association, capable of overseeing and administering compliance expectations on behalf of consumers who rely on the professionals.

Evolution

We need to add another E to our journey – evolution.



If real estate agents are to be recognised as professionals, then along with the 5 Es we must also embrace the reality that our industry must evolve. If we don't collectively embrace a mindset of evolution, we simply won't be in a position to commit to the work required to elevate ourselves to a recognised professional standard.