



Raising the bar on EDUCATION

"Upon the subject of education ... I can only say that I view it as the most important subject which we as people can be engaged in." So said Abraham Lincoln – and it's a sentiment we need to wholeheartedly embrace as our industry seeks to evolve into a profession.

Ten years. Ten long years. That's how long it's taken for the NSW Government to recognise that a brake needs to be put on the downward spiral of education standards in the real estate industry. And not just a brake – an emergency brake!

In years gone by agents had to complete a part-time course over two or three years to gain their qualification. It was long. It was rigorous. And it took a lot of work. Oh, how times have changed. Rather than years, it's now days. Today, after completing a two or three day course, someone who has no previous real estate experience can apply to NSW Fair Trading for their Certificate of Registration and start working in our industry.

Everyone in NSW has some association, direct or indirect, with property. Our industry, through property taxation, is the NSW Government's single biggest revenue generator. It's the engine room of our economy. Yet the education levels of those serving the industry have been left to languish.

Over the last decade, REINSW has been relentless in its lobbying efforts to improve education standards for the real estate industry.

Higher education standards are one of the elements at the core of our industry's evolution into a profession and we know that raising the bar on education will result in far better outcomes for consumers, the industry and the market.

But as we've been calling for higher standards, the government has instead progressively removed all barriers to entry into our industry in their pursuit of exclusively serving the interests of competition.

We support competition as an essential market force and as a mechanism for quality service. But equally, we strongly believe that competition must be competent.



The current training regime has certainly achieved increased competition. However it's also had the effect of diluting the aggregate knowledge, skills and competencies of the profession to the detriment of the property consumer.

Government and industry working together

Despite repeated calls from REINSW, agents and other industry stakeholders over many years, the NSW Government failed to take action.

That all changed when the former Minister for Innovation & Better Regulation Victor Dominello acknowledged it was time for meaningful reform. "The industry needs to raise standards. There's no doubt about it," he said when he addressed delegates at the REINSW Industry Summit on 27 November 2015.

From his very first meeting with REINSW CEO Tim McKibbin and then REINSW President Malcolm Gunning in mid-2015, the Minister has been comprehensively apprised of the need for wholesale education reform in the real estate industry. Taking REINSW's representations onboard, as well as those from other key industry stakeholders, the Minister set about putting together a once-in-a-generation reform package to lift education standards in the real estate industry.

Promising to work in partnership with REINSW, in early 2016 Minister Dominello directed NSW Fair Trading to establish an independent four-person panel to review existing training standards within the property industry. Members of the panel were nominated by industry stakeholders, including REINSW.

In its Discussion Paper for the review, NSW Fair Trading said: "If the key role of an agent is to appraise the potential sale and leasing price of a property and to recommend a listing price, a certain level of skill is needed to perform the task." REINSW outlined its views about increasing and improving education standards at all levels of the profession in its submission in response to the Discussion Paper.

We spent a lot of time discussing our proposed training framework with both Fair Trading and Minister Dominello. The Minister recognised the clear need for raising education standards and, on 5 November 2016, he announced a training reform package incorporating many of our recommended changes.

These reforms will establish a path for the future of the industry by raising standards of education and improving skills and professionalism, while maintaining appropriate consumer protections.



Importantly, the reforms were developed by the government in close partnership with REINSW and will ensure NSW produces the highest quality agents in the country.

We're looking forward to working hand in hand with the government as we navigate the path forward.

Getting back on track

Raising the level of qualifications required to become and remain a real estate agent will have a number of positive flow-on effects.

Once we raise education standards, we'll start to see a higher calibre of agent enter and remain in the industry. Right now, the divide between the best agents and 'the rest' is too great. We need to close the gap and have consistent, high standards of education and practice across the industry.

As a consequence of these higher standards, the client experience will improve. I want to see excellence in service as an industry standard. Why do real estate agents always rank so low in terms of consumer opinion? The main contributing factor must be because, in general, they have a poor experience when dealing with the industry. They don't see us, on the whole, as acting professionally.

We have the opportunity to rapidly change this negative consumer sentiment.

There's certainly no shortage of experts who are willing and able to provide us with the tools and knowledge we need to succeed. So why have things gone so incredibly wrong? How have we managed to go so far off track?

One fundamental thing has been missing: education standards. The myriad of quickie entry-level and qualification courses that are available have failed to address the critical issue of essential foundation knowledge. Without a strong foundation of knowledge, the development of other essential skills is fundamentally flawed.

And experience counts too.

There needs to be a marriage between theoretical learning and the knowledge and experience a person gains on the job. Learning isn't the product of teaching alone. It's also the product of on-the-job experience.

If someone doesn't have the benefit of theory, then they'll do what they've been shown but won't understand why they're doing it. Equally, if there's an absence of



practical experience, they'll understand what needs to be done but won't know how to do it.

Experience counts and each level of education should ensure an adequate balance between theoretical knowledge and practical experience.

Taking it a step further, an important part of what agents do is sharing knowledge with clients.

These days, consumers have access to so much information. It's freely available. Part of an agent's value comes from being able to turn that information into a consumable product. To do this, we need additional knowledge and that knowledge comes from education.

Consumers are sophisticated and we need to respond to this by demonstrating our expertise and sharing our knowledge to help guide them through the transaction. This means we have to not only improve our traditional entry-level and ongoing education standards, but also extend our range of knowledge to those other areas that impact the property.

All of this together will help position us at a professional level.

Education is key to professionalism

The Professional Standards Councils, with its agency the Professional Standards Authority, is the independent statutory body responsible for promoting professional standards. They use the 5 Es to define the elements that are necessary to qualify as a profession.

Education is the second E and to be recognised as a profession we must demonstrate that our education standards equip agents with both the technical and professional expertise necessary to effectively discharge our responsibilities.

The reform package is a giant step forward. We'll continue to work closely with the government to ensure the package is not diluted.

The overwhelming majority of issues that attract the attention of the regulator and aggravate consumers can be resolved by substantially improving education standards.



Education is at the core of everything we do as agents. We have to be skilled professionals who deliver an invaluable service, one for which we're paid according to the value we add.

With the right entry-level and ongoing education standards in place, we can deliver great advice, a great experience and a great result. That's what our clients should rightfully expect from us as professionals.

John Cunningham

Chair, REIA Professionalism Committee and REIA Project Leader of the Pathway to Professionalism

Three levels of education

CEO of the Professional Standards Authority, Dr Deen Sanders, explains how education standards differ when it comes to a profession.

When we think about education in the context of professionalism, we need to cast our minds further than our traditional idea of entry-level qualifications.

Every profession requires entry-level qualifications. These are the formal, qualifying components someone needs to complete to practise in their field. Lawyers need to complete a law degree. Doctors need to complete a medical degree. In the case of real estate agents, you need to complete a certificate of registration course or a licensing course.

By completing the qualifying course of study – the first layer of education – you're able to practise. But to be a recognised professional, your education must go beyond this.

Body of knowledge

The word 'profession' describes a community of people who position themselves as possessing special knowledge and skills in a recognised body of learning derived from education at a high level. They have a specialist 'body of knowledge' that differentiates them from both the 'unqualified' and also those who are 'just qualified'.



This body of knowledge comes from undertaking an additional professional education component, distinct from the underpinning qualification required to practise.

People often think that the completion of a qualification means someone has the right to identify themselves as a professional. While it's not illegal to use the word 'professional', it's gilding the lily for someone with only basic qualifications and limited experience to claim that status. Qualifications are an important control that allow someone to practise in their field, but it doesn't make them a professional. To be considered a 'professional', they need to meet a number of other conditions.

Dr Sanders points to the accounting profession as an example.

A person may have completed an accounting degree, which allows them to leave university and start work as an accountant but they still need to complete a further practical course – a professional education program – in order to gain entry into the professional community and be recognised as a Certified Practising Accounting or Chartered Accountant.

It's a second layer of education, one that's constructed by negotiation and consultation with the profession themselves, and it includes the knowledge and skills the community of practitioners deem necessary to operate at a professional level.

Continuing education

But it doesn't stop there. There's a third layer. To maintain professional status, education must be ongoing.

Professional development is a lifelong experience – so what education do you need on an ongoing basis to ensure you remain competent to remain in the profession? Typically, CPD programs require mandatory education about regulatory compliance and other legal issues. But a strong professional continuing education system incorporates a far wider variety of elements to build professional competence.

These elements include such things as:

1. **Capability:** The technical, legal, product and industry knowledge that it takes to advise clients and run a business.
2. **Attributes and performance:** Skills in building professional relationships and improving professional performance.

3. **Professional conduct:** All the skills and knowledge that go into making good, informed and client-centred decisions.
4. **Ethics:** The ability to deal with moral and conflict of interest issues.
5. **Critical thinking:** The skills to process complex information and create new solutions.
6. **Reflective practice:** The skills to develop yourself and others, and to think about the professional and personal needs of others as well as your own.
7. **Inter-dependence:** Engagement with the profession, the industry and peers in ways that instil consumer confidence.

Different roles

The government and the profession each have different roles when it comes to education.

It's the government's role to encourage more people into the marketplace. It's the profession's role to differentiate those people. Think of it in terms of a swimming pool. The government's role is to make sure that anyone who wants to swim can get into the pool, and we can all be confident they will be safe and there's a lifeguard to keep an eye on everything. But it's up to the profession to identify the strength of different swimmers, so only the best swimmers are allowed to swim at the deep end and there are additional lifeguards to assist.