



INDUSTRY SUMMIT

YOUR INDUSTRY'S FUTURE IN FOCUS

Summit Report - November 2016
Becoming a profession – the journey has started

Becoming a profession – the journey has started

The 2016 Industry Summit was a landmark event, and it was therefore fitting that it was held at the Sydney Opera House with 100 delegates from across NSW and Australia.

The theme of the Summit was The Path to Professionalism.



Real Estate is at a crossroads

REINSW President John Cunningham told the assembled delegates that real estate was at a crossroads and that all agents have a decision to make.

He added: “Over the last 20 years, we’ve allowed our education standards to slip. At the same time, we’ve seen the complexities surrounding the real estate transaction increase exponentially, and every day we’re faced with consumers who have higher and higher expectations.

“This means that the real estate industry is a target for a disruptive takeover by a technology-led company.

“One of the key things that we can do to counter the threat of disruption is to start thinking of ourselves differently – not as an industry, but as a profession and be the solution and not just part of the problem.”

Currently real estate is widely viewed as an industry, not a profession. However, John said the desire to become a profession and, more importantly, to be viewed by consumers as a profession is palpable.

He explained: “The power is in our own hands and the direction we take is our choice.

“Are we going to do what we’ve always done and retain the status quo? This says loud and clear that we’re no more than mediocre. It unequivocally says that we’re not professionals.

“But if we choose to elevate ourselves by raising our standards of education and lifting the level of service we provide to our clients, and thereby improve consumer outcomes and opinion, we can position ourselves at a professional level.”

What is a profession?

Professional Standards Council (PSC) Chief Executive Officer, Deen Sanders, presented to the Summit and outlined how the real estate industry could become a profession.

He explained that being a professional is not giving yourself a label, it is operating to a set of standards. One way of considering whether a group is a profession is to see if they operate under a Professional Standards Scheme. Because if they do, it means that they have proved their self-regulatory capacity and been recognised by the combined Australian Governments' Professional Standards Councils.

According to the PSC a profession is a disciplined group of individuals who adhere to ethical standards. It describes a group who position themselves as "possessing special knowledge and skills in a widely recognised body of learning derived from education and training at a high level" and applies their knowledge and skills in the interest of others.

PSC CEO Deen Sanders added that a profession's first principle is the protection of the public, with members' interest second. However, he said if you look after society, members also thrive and that the two are interlinked.



He described the journey to professionalism as exciting and how it would help to bring about community, professional and personal credibility.

The PSC defines a profession as being made up of five E's.

1. Education
2. Ethics
3. Experience
4. Examination
5. Entity

Deen explained how each industry that wants to become a profession are responsible for holding each other to account. "Your reputation is only as solid as the person next to you."

John added: "Collectively, we need to understand our commitments to our clients, our community, our agencies, our teams and our profession."

“Disruptors exist to fill gaps in a marketplace of dissatisfaction. But when you have a professional, trusted adviser providing a valuable and expert service at a higher level – one who provides the right services and solutions – consumers won’t need to look elsewhere because there will be no gaps.”



How does the real estate industry become a profession?

The PSC’s approach to the recognition of professions under the Professional Standards Legislation is based on the concept that a good profession has demonstrated a capacity for self-regulation and consumer protection.

This requires a profession has resources, standards and an organisational capacity to channel self-regulatory activities.

As a result, for a profession to exist, the PSC says a professional body needs to:

- Develop, educate and enforce the group’s professional standards
- Allow individuals to come together in a sense of community commitment
- Bind individual practitioners to each other through these commitments.

The complete reference model contains [40 elements](#) and identifies the key standards, processes and practices a group should strive to have in place before it can be defined as a profession. The 40 elements fall into four broad categories:

- Organisational and internal governance
- External governance and public accountability
- Legislation, advocacy and responsiveness
- Responsibilities and functions.



Ground breaking education reforms

A critical part of being a professional is to be well-educated. REINSW and other industry bodies have played a major role in encouraging the NSW State Government to increase education standards in NSW. This advocacy has resulted in the release of a proposed set of reforms that are going to help transform the real estate industry.

So it was fitting indeed that Minister for Better Regulation and Innovation Victor Dominello attended REINSW's Industry Summit to give a keynote speech on the reforms. You can watch a video of his speech [here](#).

The NSW Government released the [Real Estate and Property Services Industry Reform Paper](#) in November. It aims to raise training standards and increase transparency and accountability for the property industry.

Minister Dominello said: "The real estate sector is a very vital cog in our ongoing success in NSW. Government is investing in the real estate sector because we recognise its value to the broader economy.

"We are going to invest in partnering with you through changes to education, training and professional standards.

"We need to ensure our agents across the state are the absolute best in the nation to help ensure our booming economy stays strong."

He added that it is critical that consumers have certainty that suitable qualified agents are managing this important process.

Minister Dominello explained: "The proposed reforms will establish a path for the future for the industry by raising standards of education, improving skills and professionalism whilst maintaining appropriate consumer protections.

"Importantly these were developed in close partnership with REINSW. As a big body representing tens of thousands of agents across the state it was vital that this journey was taken step by step with the REINSW."

He added: "We want agents trained in NSW to be the most qualified and highly regarded in the nation and these reforms will ensure that our state produces the highest quality agents anywhere in the nation."

View a two-minute video of Minister Dominello speaking at the Industry Summit on improving CPD training and raising the level [here](#).

One of the key parts of the reform is the change to a more co-regulatory approach, which will encourage innovation to benefit the agent and consumer. View a two-minute video of Minister Dominello speaking about co-regulation at the Industry Summit [here](#).

Minister Dominello said: “This co-regulatory approach is something I know REINSW is strongly in favour of because it gives the industry the ability to structure a system in partnership with government that meets the changing needs of a dynamic industry such as real estate.

“Importantly it also gives NSW Fair Trading the ability to focus their regulatory and compliance work on areas that pose the greatest risk to consumers.

“However the success of such a system would depend on the industries readiness to take responsibility for training and accreditation and disciplinary powers for those working under a licensee in charge.

“The proposed increases in education standards proposed in the paper are a step towards increasing the level of competency and positioning the industry to take a greater role in improving and maintaining your own standards.”

Minister Dominello also paid tribute to the leadership of REINSW on making sure the industry voice was heard. View a two-minute video of Minister Dominello speaking about REINSW's leadership at the Industry Summit [here](#).

He added: “The leadership you have shows a strong commitment to the future which means you are in safe hands.

“The NSW Government looks forward to working with you to make sure NSW has the strongest real estate and property sector in the nation. I will be working with you to make sure that is reality in the very near future.”

Industry panel debate on real estate future

REINSW President John Cunningham and respected real estate coach Michael Sheargold hosted a question and answer session on the future of real estate with a panel of leading agents.

The panelists included:

- Leanne Pilkington, Laing+Simmons Managing Director,
- Chris Mourd, LJ Hooker Head of Real Estate,
- Ewan Morton, Managing Director of Morton,
- Shannan Whitney, Director of BresicWhitney and
- Doug Driscoll, CEO of Starr Partners.

Topics covered included professionalism, disruption and fees, transparency, and star agents.



The journey to professionalism

Doug said: “Fundamentally our current model is flawed. As an industry we look towards training that we want, instead of what we need.

“The road to co-regulation to many people is a headache and they think it is too hard and try to circumnavigate around it. We have a responsibility to drag the rest of the industry up because it is a sensible path and is an absolutely necessity.”

Leanne said: “The first thing we need to change is the CPD points. We go for the fastest and cheapest route when it comes to CPD.

“When regulations get brought in we look at ways of getting around them instead of understanding it and changing our mindset and behaviour.”

Chris said: “I think our biggest issue is the intent. What is our reason? If we sit here today and walk out saying it is all about becoming professionals, it won’t work. We have to have an agenda, vision and most importantly an intent we are all aligned to.

“We need a common ground and one shining reason for us to all get and stick together on this journey. For me it is one simple thing. I want to know when my kids are of age there is a really good healthy industry operating that they could be a part of if they choose to be.”

Disruption and fees

Doug said: “If we are complacent, lazy and naive then we will be disrupted and made redundant. We need to raise the bar or the future is bleak.

“If we change our thinking and understand the opportunity that we have, it is a whole different service which potentially has some value.”

Ewan said: “I think the good news is that the we hold customer relationships and the question will be what we sell the customer, be it services or products. That is a critical key of how we will survive.



“Fees have been trending down for some time and people are holding onto their houses for longer, so we need to ask what else can do we over that period before they finally sell their house.”

Leanne said: “The concept of fee for services changes the way people are looking at the service they are providing.

“As agents we need to look at the services we are providing and at our view of the service and the value we are providing to our consumers over a long period of time.

“It is about the lifetime value of a client not just their real estate transactions.”

Transparency

Shannan said: “90% of agents cannot participate in a transaction without a price guide and that demonstrates what we can’t do.

“Anyone in any industry understands the quicker you get the person the information they need the better.

“We continually fail to give the buyer the information they need which means we don’t understand what transparency means. It is a clear opportunity for us to foster trust and build a relationship with a buyer.”

Chris said: “We have forgotten that we are dealing with an asset, and most people treat it as a marketing exercise and their interaction with the client is all interaction based. Real value comes when you realise this is someone’s prized assets and treat it like an asset.”



Star agents

Shannan said: “I think the star agent ethos is one of the key things that is destroying us. The obsession many agents have with themselves is suffocating any form of creativity and inspiration.

“The solution starts with industry and business leadership. You cannot create that culture or change it unless the people at the top are clear about what it is and why they are doing it.”

Doug said: “I don’t think we listen to our customers and are permeated full of people fishing for compliments. We don’t seek feedback for self-improvement but for marketing.

“We should start with the customer and work back from there.”

Delegates responses in conclusion

Delegates who attended the summit left their feedback following the conclusion of the Industry Summit.

Some of the comments included:

- Promote good agency practice over high performance
- Promote career development, knowledge and reward in team members
- Promote this drive to professionalism to the public – so they are aware
- Clamp down on companies that say they will get you the best agent, there is no advantage for the consumer, only the company
- Move towards self and co-regulation between industry and government
- Less focus on marketing and more focus on agency practice, key operations and asset management of its clients and customers.

Next steps

REINSW President John Cunningham stated that the Summit will prove to be a significant event for the future of real estate in NSW and Australia, as it marks the start of the journey from an industry to being a recognised profession. In closing he said:

“The outcomes which will happen from this Industry Summit will be ground breaking for the industry and we are looking forward to sharing this journey with all practitioners in NSW. It is going to be an exciting time ahead.”

