

PROPERTY INDUSTRY — ADVISORY COMMITTEE

Grievance

MR A.P. O'GORMAN (Joondalup) [9.42 am]: My grievance is also to the Minister for Commerce. I am presenting this grievance on behalf of a small business in my electorate, West Coast Property Training. The minister put out a press release headed "Streamlined advisory framework announced for Commerce". Minister Buswell's press release advised that fewer licensing and advisory boards would govern the property industry as part of a broader move to slash red tape. It also advised that the Real Estate and Business Agents Supervisory Board, the Settlement Agents Supervisory Board and the Land Valuers Licensing Board are set to be abolished by July 2011. A smaller committee of industry and consumer representatives will be formed so that the property industry has a more streamlined process for input to government. The very next day, the Real Estate Institute of Western Australia distributed its own release to members, titled "REBA to go in 2011". This release stated that REIWA had been involved in discussions with the minister since before Christmas to ensure that the interests of its members were protected. The minister had written to REIWA and advised that legislation would be drafted and introduced into Parliament before the end of the year.

REIWA had been advocating to ensure that the three funds currently administered by the board—fidelity, education and first home buyer—remain in place and continue to deliver consumer protection, agent education and promotion of homeownership respectively. The minister had been very willing to listen to REIWA's point of view and, in particular, had agreed to its request for the establishment via the legislation of a standing committee to advise him and the department on regulatory and policy matters. This body, to be known as the property industry advisory committee, will have as part of its membership two representatives of each of the affected professions—real estate agents, settlement agents and land valuers. It said that the minister was seeking nominations to an interim committee that would provide him with advice on options for the administration of the funds, potential for industry bodies to deliver some of the services currently being delivered by the board, transfer of functions to the department and the development of the regulatory framework for national licensing.

The concern that my constituent and the business in my area have is that, according to REIWA, Minister Buswell has been in discussions with the institute since before Christmas. The minister has agreed to the establishment of a standing committee to advise him and the department on regulatory and policy matters. He has also been seeking nominations to an interim committee to provide advice on a number of different areas pertaining to the abolition of the REBA board and SASB, as well as the development of the regulatory framework for national licensing.

There are two major providers of training for the real estate industry in WA—West Coast Property Training in my electorate of Joondalup and REIWA. There is one major provider of training to the settlement industry in WA—West Coast Property Training. West Coast Property Training has won two government grants—from REBA and SASB—both for writing and presentation of compulsory professional development through the tender process. It has a larger than 50 per cent market share in real estate training in Western Australia. West Coast Property Training currently does not have a voice with the minister, though its major competitors—REIWA and the Australian Institute of Conveyancers—do. REIWA and the AIC are likely to provide consultation and advice to the minister that is in their organisations' best interest and therefore likely to be detrimental to the business of West Coast Property Training. Both have an obvious conflict of interest. As a small business and major stakeholder in the real estate and settlement industry in Western Australia, West Coast Property Training believes that it is entitled to have its voice heard in any consultation process pertaining to those two industries. West Coast Property Training also acknowledges that it has a conflict of interest. It points out that both REIWA and the AIC have a commercial arm and, as such, consultation should be with all major stakeholders.

In summary, West Coast Property Training wants to be part of the process and have a voice, rather than have to read of changes once decisions have been made. The minister is a pretty reasonable man and I am sure that he accepts that before abolishing REBA and SASB, it is absolutely necessary to get all stakeholders involved so that we do not disadvantage any people in our community because they are excluded from the advisory board or the implementation board. West Coast Property Training advised me that REIWA will have a conflict of interest in its advisory capacity on options for administration of its funds. These include millions of dollars of training funds that REIWA currently competes for, and the potential for industry bodies to deliver some of the services currently delivered by the board. This includes training that REIWA can also deliver.

I ask that the minister address this issue and explain why we are excluding a certain part of the industry. Is it an unintentional action or is it deliberate that we will just deal with REIWA and the AIC?

MR T.R. BUSWELL (Vasse — Minister for Commerce) [9.47 am]: We are reforming the management and oversight and regulatory framework within the property industry. That process has happened. As a result of that,

as the member pointed out, the Real Estate and Business Agents Supervisory Board, chaired by the same person who chairs the Building Disputes Tribunal, Mr Cuomo; the Settlement Agents Supervisory Board; and the Land Valuers Licensing Board will eventually be abolished, replaced by a property advisory committee, which will provide me with policy and other advice on the property sector. To assist in that process I thought it would be appropriate to appoint an interim advisory board that, as the member pointed out, will provide me with advice on a range of matters. Those matters include what we do with the money that currently sits in the funds of those boards. It includes the extent to which industry groups and/or other bodies can provide some of the services to the industries that are currently provided by those boards. It includes advice on the establishment of a permanent advisory committee and issues associated with transition to the national licensing system. As the member pointed out, the members of that advisory board come from industry committees. I consult with industry. I am of a view that that structure is sound and will provide me with good quality, balanced advice from bodies that represent the industries we are regulating. That was my objective. This is not about the regulation of training industries, although I acknowledge the point the member raised about the quite unique association between Ms Crank's business, West Coast Property Training, and those two industry boards. I acknowledge that.

We have appointed the Director General of the Department of Commerce to chair that committee. A very senior representative of the Department of Commerce, Mr Gary Newcombe, also sits on the committee. I am confident that they will make sure that balance and probity is applied to all advice the committee subsequently provides to me, which relates to the issue that the member raised. I have also asked the department's representatives on the committee to make sure that services that are currently provided by the boards would be done only via a competitive tendering process. I want to assure the member and Ms Crank that this is not an opportunity for the Real Estate Institute of WA, the settlement agents and the valuers, through some back-door mechanism, to feather their own nests. It was not our intention, when we set up this up, for that to happen. It quite simply will not happen. Services that were provided by or to the boards, that are then outsourced or provided by another party, will be determined by a very transparent and competitive tendering process. I am sure that Ms Crank entered into or participated in a transparent and competitive tendering process when she arranged the contracts she currently has with the boards. The member's raising of the issue highlights it even more from the government's point of view. I am confident that the types of concerns that the member for Joondalup raised will be dealt with. I am not of a view, speaking frankly, that I am going to change the membership of those advisory boards. I acknowledge the potential for the issue that the member raised, but I am very confident that the mechanisms we have put in place will deal with that issue appropriately.

With respect to future industry training, we need to be mindful of a couple of points. In due course we will move to a national licensing system. One of the reasons, but not the predominant reason, for abolishing the boards in this reform is to ultimately assist us in this transition to national licensing. When we move to a national licensing system, the nature and content of training will effectively be determined under that national licensing system.

There has been discussion around funds currently administered by the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board in particular; and they have some significant funds. The funds will be administered by the Director General of the Department of Commerce. Obviously the industry groups and the industry participants who have effectively provided those funds over time—although I would argue they have not provided them but they have effectively been involved in the generation of those funds over time—have an interest in where they go. That has been put to me very bluntly. One of the main concerns about the abolition of the board was that we would be taking funds that are there generally for industry-related purposes and putting them back into government. We are not doing that. It is not our intent to use this as an opportunity to grab the several millions of dollars that sit in the funds of those boards. I have given that undertaking.

I make the point again that, subsequent to the change, the provision of any service that is either currently contracted out or delivered by these boards to industries will be subject to a very open and competitive tendering process. I like to think that will in no way, shape or form have a detrimental impact on the business operated by Ms Crank. The fact that the member has raised it today in the chamber—and Ms Crank has been in touch with my office and we have been in touch with her—certainly highlights our need to be vigilant. I am confident that the mechanisms we have in place and the membership of the advisory board will provide me with excellent, quality advice. We will not be changing the composition of it, although I acknowledge the potential concerns the member has raised.