



Australia's property industry

Creating for Generations

Property Council of Australia
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Easy and Transparent Trading Consultation Paper
Regulatory Policy, BRD
Department of Finance, Services and Innovation
Level 5, McKell Building
2-24 Rawson Place
SYDNEY NSW 2000

Dear Ms Holy,

The Property Council welcomes the opportunity to provide feedback on the *Easy and Transparent Trading – Empowering Consumers and Small Business Consultation Paper July 2018* and inviting the Property Council to the Ministerial consultation roundtables.

The Property Council is supportive of reforms that drive efficient markets and supports economic growth, along with reducing costs to industry without reducing standards in the sector.

Below are our comments in relation to aspects of the consultation paper that relate to the property industry.

1.1 Extending Licence Durations

The Property Council supports the other industry organisations' position on this issue which is that any increase in the extension of licences must be supported by a rigorous continuous professional development (CPD) system to ensure that continuous learning occurs throughout the length of the licence. We also support the recommendation for a review of CPD requirements. The Department of Fair Trading also needs to continue its efforts in eradicating tradespeople working without appropriate licences which leaves the consumer without recourse if the workmanship is of a poor standard or unsafe.

We note Minister Kean in the consultation meeting held on Tuesday 21 August requested feedback on a proposed lifetime licence. The Property Council would require further information how a proposed lifetime licence would be implemented and monitored to ensure industry standards were maintained for the term of the licence. A preferred option would be to evaluate the impacts that the proposed extension of licences would have on industry standards before moving to a lifetime licensing regime.

1.5 Real Estate Auctioneer Licence

The Property Council reiterates the position of the other industry organisations that were at the consultation meetings, in that no issues have been raised in relation to the current licensing and accreditation system for real estate auctioneers in NSW and that the status quo should remain. Reducing barriers to entry to this profession has the potential to decrease standards and increase the risk to consumers of what are the biggest transactions that they undertake in their lifetime, both in buying and selling these assets.

1.6 Removing 13 categories of home building licences

Licences were introduced to ensure that the tradespeople undertaking work have the required skillset and qualifications. The removal of licences in the categories outlined have the potential for rogue traders to flourish and consumers may have limited recourse if the work is not of the required standard as well as a safety risk if equipment is not installed correctly. Clarification is also required on how to ensure an unlicensed tradesperson will have appropriate insurance cover.

1.8 Allowing licence holders to trade out of external administration

The Property Council supports the Government's preferred option to allow a corporation who enters voluntary administration under the *Corporations Act 2001*, to be allowed to trade out of financial difficulties if creditors consider that they will have more of their debts paid if the corporation continues to operate. This reform will provide greater flexibility to deal with the specific circumstances where a Retirement Village operator may be experiencing financial difficulties, rather than have a mandatory cancellation of licence.

1.12 Repeal of Redundant statutes – Innkeepers Act 1968

The Property Council agrees with the proposal that the Innkeepers Act be repealed and the relevant provisions be incorporated into the NSW Fair Trading Act. In relation to the proposed raising of the cap, the Property Council is supportive of it being raised to \$300 in line with other State jurisdictions and agree with the proposal that the notice of this cap can given at reception and in the booking terms and conditions.

1.13 Automatic Mutual Recognition – Architects and other building related occupations

The Property Council supports the proposal to allow automatic mutual recognition for architects and other building related occupations where the occupations are trained in a nationally consistent manner and the regulated work be performed to national standards.

2.7 Rental Bond Surety Products

The Property Council is supportive of measures that makes housing more affordable in the community including for tenants. We support the option to reform the rental bond system to allow for the full or partial transfer of bonds between rental properties. Currently return of the investment on rental bonds provides funding for tenant and landlord programs, any initiative that potentially impacts this return from rental bonds, with monies having to come from consolidated revenue is of concern to the Property Council.

2.8 Allowing strata lot to choose their own utilities provider

The Property Council supports choice by the consumer however, a developer, asset owner and/or manager should have the power to bulk purchase electricity as residents benefit from the bulk discount achieved on behalf of these negotiations both in both upfront and ongoing costs.

This economy of scale is particularly important in the emerging build-to-rent sector and any reforms in this area would should be future proofed and take this into account. Any dwellings within the same project that are held as a whole asset to provide residential rental accommodation, regardless whether it is strata or not, needs to be granted dispensation from any proposed changes to current legislation or by-laws. In this instance, all decisions regarding the bulk purchase electricity should lie with the asset owner or operator on behalf of the asset owner, not the tenants.

Also reforms in this area may limit opportunities for innovation in energy procurement and services for residential communities, for example on site renewable energy with capacity to sell back to the grid which work to reduce electricity costs for tenants.

It should be noted that increase in costs to the developer have the potential to impact the consumer as these costs would need to be recouped.

Should you have any questions on this submission please contact Emma Ashton, Senior Policy Advisor, on 0402 277 247 or eamaston@propertycouncil.com.au.

Yours sincerely,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the printed name and title of Jane Fitzgerald.

Jane Fitzgerald
Executive Director – NSW
Property Council of Australia

