

The Real Estate Institute of Australia Submission to the *Do Not Call Register Legislation Bill 2009*

Purpose

In making a decision on the proposed *Extension of the Do Not Call Register (DNCR)*, the Real Estate Institute of Australia (REIA) requests that the Commonwealth Government:

- *consider the implications of the Extension of the DNCR for industries such as real estate, where telemarketing is at the heart of the core business of the profession;*
- *consider the additional time and staffing costs that would be imposed on real estate businesses;*
- *consider the diminished competitive advantage that would be imposed on small business;*
- *consider that the real estate industry is not a profession that has been spawned by new technology, and;*
- *consider the costs to industry groups such as the REIA who would need to implement an education campaign to ensure all members are aware of what they need to do to comply with the Extension of the DNCR.*

Background

The REIA is a non-political national professional association for the real estate profession in Australia, committed to working with the Commonwealth Government for the economic development of Australia and well-being of individual Australians.

Since 1924, the REIA has worked to represent the real estate sector on a range of varied and important issues. REIA has an excellent reputation as the most credible source of knowledge and considered opinion regarding the commercial and residential property markets in Australia.

The REIA has eight members, comprised of the state and territory Real Estate Institutes, through which around 80% of real estate agencies are collectively represented. The real estate industry employs approximately 80,000 persons.

The REIA represents an important element of the broader property and construction sector which together makes a significant contribution to Australia's social and economic development.

Context of submission

Consider the implications of the Extension of the DNCR for industries such as real estate, where telemarketing is at the heart of the core business of the profession

- The real estate profession is underpinned by a qualified professional being able to attract potential customers to their business through the use of marketing; both above-the-line and below-the-line forms of promotion.
- Below-the-line promotion generally includes non-traditional forms of marketing that don't have the restrictive requirements of more traditional advertising methods. Below the line promotion includes electronic direct marketing, word of mouth, compensation and rewards, and most important to the real estate profession; telemarketing and personal selling.
- Personal selling and telemarketing have been classified as some of the most influential and productive forms of non-traditional marketing due to their ability to engage two-way communication, while also being the most powerful forms of persuasion.
- The implementation of the Extension of the DCNR would greatly affect the commercial side of the real estate business as real estate agencies frequently engage in telemarketing as it is one of the most direct ways to communicate with other businesses.
- The real estate profession is a multi-faceted business, including sales, property development and property management which all rely heavily on the business' ability to carry out telemarketing. There are very few instances where those in the real estate profession would not rely on this particular marketing channel.
- Although business to business marketing via telemarketing would still be able to be carried out, ensuring the livelihood of real estate agencies is preserved, would be difficult given agencies may have to look to more expensive and time consuming ways to attract potential customers to their business, which could in itself pose costs on real estate professionals.

Consider the additional time and staffing costs that would be imposed on real estate businesses

- Removing the ability for real estate agents to telemarket without the imposition of costs, provides an unnecessary financial challenge to those trying to operate their business; most of which would be deemed small businesses.
- This threatens the livelihood of an Australian industry of 80,000 real estate agents who already face a lack of security in keeping a small business operational, given the growing trend of selling properties online, removing the need for traditional real estate agencies.
- Evidence from the real estate profession has indicated that many real estate businesses are currently under financial stress, without additional costs imposed on their business.
- Members of the profession have indicated that incurring additional costs for staff, washing of data and time will provide a financial strain on their business.

- A member of the real estate profession cannot simply choose not to incur the above-mentioned costs as they would risk a potential fine for not complying with the Extension of the DNCR. This is a situation where costs are being imposed on their business, leaving no option but to comply and incur the costs.

Consider the diminished competitive advantage that would be imposed on small business

- The diminished competitive advantage of small businesses in comparison to large businesses is a very real potential problem for the Australian real estate profession, in particular, those in the commercial field.
- Larger organisations may have pre-established relationships with larger companies who may, in some cases, own smaller subsidiaries. They are also more likely to have the budget to hire more staff and incur the time costs of washing data so as they comply with the Extension of the DNCR.
- Without the ability to choose to market themselves via telemarketing, without incurred costs, the gap between the profitability of small business and large business could increase.

Consider that the real estate industry is not a profession that has been spawned by new technology

- The real estate profession is not one which has been spawned by new technology as have the commonly regarded forums of telemarketing.
- Rather, the real estate profession is using a new technology in order to minimise costs and be more time responsive to consumers.

Consider the costs to industry groups such as the REIA who would need to implement an education campaign to ensure all members are aware of what they need to do to comply with the Extension of the DNCR.

- The implementation of the Extension of the DNCR would create a need for industry bodies such as the REIA to develop a national education campaign to ensure the real estate profession are aware of what is expected, to comply with the Extension of the DNCR.
- REIA is a not-for-profit organisation and are not in a position to fund a targeted and multi-faceted campaign, which would be required to ensure the message was received by all members of the real estate profession in Australia.
- Being a small industry body means resources are often stretched and staff members will need to be taken off projects to implement an education campaign for the Extension of the DNCR, which will place timing stress on other important tasks and activities that REIA is working on for the profession.
- Failing to communicate a message of this level of importance to the industry could have a detrimental effect on the REIA's credibility amongst its members and members of state and territory Real Estate Institutes. The background to this point is that REIA has worked extremely hard over the past twelve months to improve the image of the national body and would not like to diminish this by not having the funds to produce adequate information about compliance with the Extension of the DNCR.

Conclusion

The REIA is concerned that the Extension of the DNCR will have a negative impact on the operations of members of the real estate profession, particularly those who operate in a commercial capacity.

The key areas of concern are:

- the implications the Extension of the DNCR will have on one of the primary marketing functions of the real estate profession; telemarketing;
- the additional costs that will be implied on real estate businesses without an option to make the choice to spend the additional funds;
- the diminished competitive advantage that will be imposed on small businesses;
- the real estate industry is not a profession that has been spawned by new technology, and;
- the costs imposed on industry groups to inform industry of the changes to the Extension of the DNCR.

The REIA seeks that, when making a decision about the potential implementation of the DNCR, the Government take into account the information presented by the REIA and consider the costly procedures that real estate offices will have to implement.

As mentioned, REIA is particularly concerned about the implications the Extension of the DNCR will have on small business. In most cases, larger businesses will be able to make arrangements to implement strategies to comply with the Extension of the DNCR; however, small business will struggle to find the time and financial costs to ensure they comply.

REIA feels that the education of a change to the Register of this nature is very important to ensure that the real estate profession understand their obligations. As highlighted, being a non-for profit organisation, resources are already stretched and REIA feels that failure to communicate a message of this level of importance to the industry could have a detrimental effect on the REIA's credibility amongst its members and members of state and territory Real Estate Institutes

The REIA would welcome the opportunity to speak to the Committee regarding the Extension of the DNCR.

*Prepared by
The Real Estate Institute of Australia
22 January 2010*