Inducements.................can we??

In a number of CPD sessions that the College has conducted this year, the issue of referral payments has arisen. This topic has created much discussion surrounding the definition of inducement.

Consider the following two scenarios:

1. A commercial agency invites other commercial agents to an event where they are promoting their listings and offer substantial lucky door prizes and gifts to the visiting agents at the event. Examples of prizes are $500 and $1,500 gift vouchers.

2. An Agent is offering a referral fee to a solicitor for every potential vendor they bring to the agency.

Is there a problem with either of these scenarios? Could these lucky door prizes, gifts and referral fees constitute an inducement? The short answer is yes!

What is an inducement and why is it a problem?

An inducement is something that encourages another person to do a particular act. In this case the something is a gift or monetary “prizes” or fees, while the particular act is to refer the services of the agency to the induced agent’s or solicitor’s own clients.

Clause 14 of Schedule 1 of The Property, Stock and Business Agents Regulation 2003, (The Real Estate Agent’s Code of Conduct) states:

14 Inducements

"An agent must not offer to provide to any other person any gift, favour or benefit, whether monetary or otherwise, in order to induce a third person to engage the services of the agent as agent in respect of any matter."

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The Code of Conduct is very clear in its treatment of giving gifts to a person, whether an agent or not, to encourage a third party to engage with that agent. Simply, it is seen as an inducement and is against the Regulations.

But why is it a problem? In the very definition of a real estate agent within the Property, Stock and Business Agents Act 2002, it states that an agent is a person who, for reward, carries on the business of an agent in inducing or attempting to induce or negotiating with a view to inducing any person to enter into, or to make or accept an offer to enter into, a real estate transaction or a contract for a real estate transaction. Implicit in the definition of your role as an agent is the need to ‘induce another person to purchase property’, however you are not to induce another person to refer your services.

In the instance where you have a property manager using a particular tradesperson for all repairs and that leads to them or a family member such as, their mother, their sister or friend receiving free or discounted repairs in their own home; this is seen as corrupt and could be viewed as a secret commission. And we must remember that secret commissions do not have to be monetary alone.

In our first scenario, based on the information we have extracted from the Act and the Regulations, it could be argued that the agents attending the function and “winning” lucky door prizes and gifts ARE actually receiving secret commissions.

The problem with inducements for referral of your services is that they are seen to lead to biased advice on behalf of the referrer. Would an agent be making that same referral if they were not receiving some kind of induced benefit? Would the agents attending the function make the referral to their own clients to view the properties listed at the function, especially if they had not been the recipient (or possible recipient) of that $1,500 lucky door prize? Probably not.

Please be careful when you are dealing with referrals whilst you are acting as an agent under the Property, Stock and Business Agents Act.

‘Til next time,

Wishing you every success in your business ventures,

Rosy Sullivan

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From our office……..

The past fortnight has been fairly quiet, with business as usual for all of the ACP team. We have a new team member, Brooklyn Brandenburg, who is working from Batemans Bay and assisting businesses in the southern region of NSW with their training needs. From an education front, Fran has just had a series of university exams as part of her Masters program and, from our production team, Braden has completed his year 12 half yearly exams. Simon and Imogen are also working up for their first set of university exams. Unfortunately, Simon continues to break pieces of office equipment by simply looking at them! Steph and Kelly are planning their baking program in preparation for the Biggest Morning Tea later in May – with the amount of planning going on, it will be a good morning to pop in and visit the College – watch this space for more details.

Is it Time You Upgraded to Your Licence?

ACoP runs a Fast Track program which, in conjunction with Recognition of Prior Learning (RPL), will enable you to complete your Real Estate Licence qualification in 5 days with take home assessments.

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Stephanie Barbara
Traineeship Co-ordinator

Stephanie has been with the Australian College of Professionals since early 2008 where she commenced working part-time with the College whilst she was completing her accounting degree at university. It didn’t take the College long to convince Steph that she should join the team full-time and continue her studies part-time. Her first role was working in accounts payable and receivable. She then worked as the Licensing Assistant until June 2012 when she was again promoted to the position of Traineeship Co-ordinator. She is now responsible for working with Government Funded Trainees who are completing their qualifications through the College. These students are distributed throughout New South Wales and their main point of contact is with Stephanie, which means she provides telephone and personal support for the enrolment and assessment process whilst also ensuring that students have the correct materials and academic support for the module they are completing. Her organised and streamlined approach makes everybody else’s working lives more effective and she brings valuable customer service and an eye for detail to her current role.

In amongst her work life, Steph manages to make sure she includes a lot of travel, both within Australia and overseas. In the past five years that she has been with the College, she has travelled throughout Europe and also across America, where she constantly reminded us that she was enjoying a white Christmas in New York; not to mention the many messages back to the team that she was enjoying the high life in Las Vegas and Los Angeles including Disneyland and Harry Potter Land!

Many people wouldn’t know that Stephanie has a horse named Clea and that she spends much of her time with the horses at her home in the Hills District. Over the years, Steph has spent many hours working in stables and with riding instructors. It has been suggested to Steph that perhaps she should ride her horse to work in the city in order to avoid some of the traffic that her bus encounters every day on the M2.

On a weekly basis, Steph reminds us that we need to tune in for the next episode of Criminal Minds. This is not particularly based on her need to watch crime shows, but it is specifically based on her fascination, adoration and obsession with the character Dr Spencer Reid.

Steph has the daily struggle of having two first names “Stephanie” and “Barbara” in her proper name. Many of our students have the same struggle and often call in to speak with Barbara or Barbs. To her work mates, she is just Steph.

Steph is a magnificent cook and the staff at the College regularly enjoy the results of her baking and are used as guinea pigs for her culinary creations of cupcakes, birthday cakes, champagne shortbread and many other goodies.

In addition to her busy work day, her frequenting the gym and sessions with her personal trainer, Steph also holds the title of “Social Events Queen” for the College. This ensures that, in amongst the focus on education and training, that all the College staff have social events that are truly magnificent. She is just waiting for some of the staff to get engaged to their long term partners so she can practice further and organise their weddings, engagement parties, baby showers, house warmings – really anything that needs a Queen to organise.