

**SPEECH BY MR TAN CHUAN JIN, ACTING MINISTER FOR MANPOWER AND SENIOR MINISTER OF STATE FOR NATIONAL DEVELOPMENT AT THE ASIA PACIFIC REAL ESTATE CONVENTION AND EXPO (APRECE) 2013 ON WED, 20 MARCH 2013 AT 10.00AM, MARINA BAY SANDS, SINGAPORE**

Mr Jeff Foo  
President, Institute of Estate Agents

Mr Gary Thomas  
President, National Association of Realtors, USA

Distinguished guests  
Ladies and gentlemen,

1 Good morning and a very warm welcome to our overseas participants. I am pleased to join you at the inaugural Asia Pacific Real Estate Convention and Expo.

2 I would like to congratulate the Institute of Estate Agents for organising this event and thank the National Association of Realtors in US for lending their support to the event. The theme of the event, 'Bridging Global Partnership', is apt given the wide representation of real estate associations and professionals from many countries. I believe this will be a good platform for fruitful exchanges on issues relating to real estate policies, practices and investment.

**The Real Estate Agency Industry in Singapore**

3 For years, estate agents and salespersons in Singapore had been largely unregulated. There was no requirement for the real estate salespersons to be familiar with the rules and procedures pertaining to property transactions, nor was there specific legislation governing real estate agency work. There was very little to safeguard consumer interests. Industry associations like the IEA were fighting an uphill battle to improve professionalism largely through self regulation.

4 The Singapore Government decided to undertake a comprehensive review of the real estate agency industry and in October 2010, the Council for Estate Agencies, or CEA in short, was formed. CEA aims to raise the

professionalism of the estate agency industry and safeguard consumer interest. The Estate Agents Act and Regulations, which include the Code of Practice and the Code of Ethics and Professional Client Care, was also established to govern the duties, business activities and conduct of estate agents and salespersons.

5 As a result, all real estate salespersons are now professionally qualified -- they now have to pass an industry examination and their work is governed by a regulatory framework. They also have to undergo mandatory Continuing Professional Development training to enhance their professional knowledge. In addition, a disciplinary process was put in place to address breaches in the Act or the Codes.

6 The efforts put in by CEA and the industry is starting to bear fruits. A Public Perception Survey carried out last year saw eight in 10 consumers expressing satisfaction with the services provided by their salespersons.

### **Challenges Facing the Industry**

7 Notwithstanding the initial success, our newly-regulated industry is still young and needs time to adapt to the changes. We recognise that there are challenges facing the industry. Allow me to highlight a few.

8 First, it is about being value-based. The industry and individual agencies need to move beyond the mindset of just focusing on closing a deal within the shortest time possible. Ethics, integrity, competency, accountability and professional conduct are key elements that must be part and parcel of being real estate professionals, and the important thing is to think about what we really mean when we make those statements. How do we put it into practice? What does it translate to in real life? We must remember for the vast majority of transactions, you are helping individuals and families purchase a house, which will be their home. For many, much of their savings will be used. We owe it to them to be responsible, to be professional, to be competent, to advise them appropriately. It is not just a deal to be closed. It is about people's lives, and their happiness. So it's something to think about. What is important is to ask ourselves how do we translate that in our day-to-day lives, where trust is fundamental? It is not just about governance, for every professional, trust is important.

9 Second, rising consumer expectations. Since its formation, CEA has received about 2,300 complaints, which translates to an average of four per day. As you are aware, this is not unique to your industry. We receive complaints too on many issues. But as the regulator, CEA will investigate all complaints and take appropriate actions against errant estate agents and salespersons. However, the industry and estate agents also have to do your part.

10 To be professional, you do need to be knowledgeable and to provide timely, accurate and reliable advice. Therefore, I encourage all of you to continuously upgrade your skills and knowledge, be familiar with relevant guidelines, government policies and procedures, and the latest developments taking place in the sector. I'd also like to add that I also understand just as there are errant salespersons, there are also unreasonable consumers, and that is something we all have to deal with. So when issues are raised, we will investigate, we will also sympathise with real estate agents where warranted, and this is part and parcel of the regulatory landscape.

### **Plans to Develop the Industry**

11 Apart from its regulatory role, CEA is also committed to strengthening the industry, to improve, to adjust, and to make sure that on all counts, the industry is a successful one. I am pleased to highlight two areas that CEA is working on together with the industry to enhance professionalism and business excellence.

12 First, review of the Estate Agents Regulations. Having experienced the new regulatory system for the past two and a half years, some industry members have raised issues and provided feedback. CEA has also gained experience through handling a fair amount of cases. It is timely to review the Regulations to enhance its effectiveness.

13 To do this, CEA formed a Regulations Review Working Group last year, comprising representatives from the estate agencies, the industry associations, CASE – the consumer association and government agencies. The issues reviewed include (a) provisions relating to dual representation, avoidance of association with moneylending and conflict of interest, and (b) marketing, co-broking arrangements and usage of the prescribed estate agency agreement. The Code of Ethics & Professional Client Care will also

be fine-tuned, while the Code of Practice will be enhanced to help estate agents better manage their recruitment efforts, salespersons' training and estate agency work. In addition, the Working Group is also refining the licensing and registration requirements, and is looking into ways to promote wider use of the resolution mechanism for disputes between estate agents and consumers. Proposals are currently being finalised.

14 Separately, CEA is also developing Practice Guidelines to provide guidance on salespersons' behaviour and conduct towards each other. On this matter, I thank IEA for your suggestions on the Guidelines. CEA will consider these suggestions, and I hope the Practice Guidelines will set the foundation for more gracious peer-to-peer relationships amongst industry professionals.

15 Next, facilitating business excellence. To this end, CEA is working closely with the Info-comm Development Authority or IDA and its business partners and industry associations, to encourage the adoption of IT solutions in the industry, so as to enhance estate agents' operations and productivity and effectiveness. Through focus group discussions and industry feedback, the Work Group has identified Software as a Service (SaaS) as a suitable model to address estate agents' need for a low-cost and scalable IT management platform. The solutions are expected to be implemented in the next six months. More than 200 estate agents are expected to benefit from this initiative through better customer engagement and increased productivity.

16 With this centralised approach, we expect to achieve economies of scale and reduce the implementation cost for estate agents. This is just one of the many avenues to pursue business excellence and I urge the estate agents and industry associations to apply their minds and seek out opportunities for improvement wherever possible.

### **Working Relationship between the Industry and CEA**

17 Today, I am heartened to say that after two and a half years of hard work by CEA and the industry, what some would deem to be a 'cowboy' industry is now characterised by professionally qualified salespersons. I look forward to more collaboration between CEA and the industry, for it is only through close cooperation that we can succeed in upgrading the

professionalism in the industry and deliver quality service to consumers. At the same time, to allow associations to look after its members.

18 To our overseas participants, I hope that you will gain some insights from what we have done here in Singapore and in turn share with us your experience so that we can learn from you. I wish everyone a fruitful and enriching experience at APRECE 2013.

