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Property investment advice

Who's who in the investment advice zoo?

Refereed Paper

Vince Mangioni
University of Technology, Sydney
Ph: 61 2 9514-8900
vincent.mangioni@uts.edu.au

Abstract

As direct property investment continues to grow particularly post the Global Financial Crisis, investors have increased their participation in the direction of investment decisions and how their money is invested. The quality of investment advice in relation to property and who provides that advice is of paramount importance and the primary focus of this paper.

In contrast to property itself, advice in relation to property investment and who is best qualified to provide it, is central to this paper. This objective has been measured through a review of the practices and views of the various participants to the property purchase and investment process. A review of the roles, tasks and opinions of the various professions has been measured using surveys and discussions with professions a party to the purchase and investment process.

In conclusion, opportunities are identified for property professionals to evolve the extent, scope and quality of advice in relation to direct property investment, through the evolution of educational and pedagogical expansion of property practitioner.

Keywords: Financial services, investment advice, selling advice, valuation

Introduction

As direct property investment continues to grow and more investors take greater financial control of their investment decisions, the quality of advice, its source and who provides it will place a greater price and demand on investment advising services. In determining who is best qualified to provide that advice in relation to direct property investment, has in part been decided by regulators who have qualified investment advice under the provisions of the Commonwealth Corporations Act 2001.

Chapter 7 of the Act includes the broad and overarching regime of investment advising of all financial products. Financial product advice as distinct from the investment vehicle it applies too, has been clearly codified under the provisions of the Act. In view of these provisions, it is not the knowledge of the product itself that is the focus of the legislation, but the recommendations made in relation to the investment vehicle and the bearings such recommendations have on the client and their circumstances that is the objective of the legislation.

In the case of property investment advice, the financing of property, which property is best suited to an investor and whether an investor should decide to buy, sell or refinance a property, is not the domain of the property professional. This is the domain of the investment advisor, also known as the financial planner, or increasingly accountant's. These professions have progressed to become licensed under the Corporations Act 2001 by the Australian Securities and Investment Commission.

Following the recent Global Financial Crisis (GFC), the financing and lending on property has been identified as a key factor and focus of regulators internationally. This is particularly the case where loans are securitized, bundled and floated as financial investment vehicles on international stock exchanges. This had the double impact on both those lent the money to purchase property and secondly, those investors who invested in bundled securitized products containing toxic loans.

Whilst focus has centred on the fallout from the GFC, what is not been accounted for, are the many thousands of investors who have directly purchased investment property through a variety of medians who have been provided advice in relation to property. This advice has been provided by suitably licensed advisers, who in turn have sought the advice of property professionals including valuers in their role as investment adviser. In summary, as other professions move left to fill the void in property investment advising activities, are property professionals moving right to skill-up and also fill that void in the lucrative investment advising activity.

Literature

The following literature has been segmented into an overview of property investment and superannuation and the professions associated with the property purchase and investment process. It provides a summary of issues confronting the services relating to property investment and advising activities.

Property investment & wealth creation

The increase in wealth creation and the ultimate provisioning for retirement resulting from the introduction of Superannuation Choices has seen an increase in retirement and investment planning which includes direct property investment. During 2006/07 for the first time, the total assets held in Australian superannuation exceeded Australia's nominal Gross Domestic Product (APRA 2009). In the case of Do It Yourself (DIY) also known as Self Managed Superannuation Funds (SMSF), these funds have continued to increase in contrast to larger industry based superannuation funds, which have experienced rationalisation following licensing reforms by the Australian Prudential Regulatory Authority (APRA) since 2001 (Cooper 2009).

Identified among the assets incorporated in wealth accumulation and retirement planning is residential property (Australian Securities & Investment Commission 2000). Whilst Australians have a high rate of home ownership, it has been the investment in residential property and the financing of that investment over the past 10-15 years that has been noted and drawn the attention of both superannuation and regulatory authorities. Table 1 sets out the Intercensal change in tenure ownership of private dwellings between the 2001 & 2006 census.

Table 1: Intercensal change occupied private dwellings 2001 - 2006

	Outright ownership	Purchaser	Private renter	Social renter	Tenure not stated	Total
2001						
No. of households	2,757,000	1,861,000	1,328,000	358,000	441,000	6,745,000
% of households	41	28	20	5	7	100%
2006						
No. of households	2,431,000	2,437,000	1,470,000	352,000	455,000	7,145,000
% of households	34	34	21	5	6	100%
Intercensal change 2001 to 2006	326,000 12%	576,000 31%	142,000 11%	-6,000 -2%	14,000 3%	400,000 6%

Source: ABS & AHURI 2009

Two points of importance in addition to Table 1 are highlighted out by Waxman (2004) as being the change in lending for residential property over the past 20 years for owner occupied and residential investment property. It is highlighted that between 1990 and 2003 that bank lending for owner occupied property increased by 13.5 percent per annum in contrast with residential investors in which property lending increased by 21 percent per annum over the same period. It is further highlighted, that as at 2003 on a per capita basis "Australia has twice as many landlords among its taxpayers as North Americans and six times as many as in the United Kingdom". (Waxman 2004 p.400)

In response to the expanding investment in superannuation the Cooper Review was established in 2009, a parallel review to the Henry Review 2009 was set up to monitor and assess the operational and efficiency of superannuation in Australia. Among the key elements for consideration of the review were the principles of a good superannuation system. The principle of efficiency within the review extends to consider both the operational management and overall quality of the regulation of funds, of which SMSF's are a primary focus of the review. The selection and acquisition of assets within funds, their administration and the regulatory regime that governs advice in relation to these matters are of importance in this expanding industry (Commonwealth of Australia 2009).

In unison with the growth in property investment is the advent of investment advising and retirement planning services. This activity prompted Government in Australia through the Australian Securities and Investment Commission (ASIC) to regulate the providers of this advice to ensure superannuation achieves the performance objectives of the aging Australian population. Since the licensing of investment advisers by Australian Securities and Investment Commission (ASIC) in 2001 the numbers of licenses issued have increased significantly. ASIC (2009) have issued over four thousand Australian Financial Services Licenses since 2001 as set out in Table 2.

Table 2: Financial Services Licenses Issued

Year	2008-09	2006-07	2004-05	2003-04	2002-02	2001-02
Licenses	4,803	4,625	4,135	3,853	626	35
Jailed criminals	19	21	27	28	-	-
% successful litigation	90%	97%	94%	93%	-	-

Source: Australian Securities & Investment Commission 2008/09

Included among the figures in Table 2, are both prosecutions for deceptive, misleading and fraudulent activity on matters pertaining to individual tailored investment advice including property investment and property investment related schemes. ASIC (2008/09) points to its action in the Victorian Supreme Court against but not limited to Westpoint and its collapse which has resulted in the commencement of action against KPMG for claims of negligence in the order of \$200 million. Further, Federal court claims are being made against directors of nine Westpoint mezzanine finance companies and \$17.9 million is being claimed in the Federal Court for investors against State Trustees Limited. These claims are for breaches of duties against holders of mezzanine notes under the Corporations Act 2001.

The nature and regulation of investment advice

One of the primary issues confronting regulators of the professions involved in property and investment advising is the array and disparity of regulation and legislation governing the

respective professions to the purchase and investment process. Figure 1 provides a snapshot of the professions, their jurisdictions and the regulations governing them.

Figure 1: Professional Jurisdictional Regulation

Profession	Jurisdiction	Regulation
Valuers	State	Office of Fair Trading
Real estate agents	State	Office of Fair Trading
Mortgage Brokers	State	Office of Fair Trading
Banks	Commonwealth	Aust Prudential Regulation Authority
Investment advisers/ Financial Planners	Commonwealth	Australian Securities Investment Commission
Investment Seminars	Nil	N/a

In contrast to the existing state government regimes, the framework that operates at the Commonwealth level extends to existing state government regulated property professionals. This is the case where the service provided by the property professional is considered under Chapter 7 of the Corporations Act 2001 to be providing “investment advice” to purchasers in the course of selling property. The key issues identified by ASIC (2000: 1.21 – 1.23) in defining investment which would constitute the provision of advice include:

- Does the author of the opinion benefit from the decision.
- Are they paid by the consumer for the opinion
- Whether the author has made representations to the consumer that would make it reasonable for the consumer to rely on that opinion or recommendation.
- Whether the author is required by law to act in the interest of the consumer, or has undertaken to do so.
- The author’s reputation is likely to influence the consumer in making the decision.

In the case of a selling agent providing information to a prospective purchaser in incorporating point one above, the agent may be deemed to have provided what constitutes ‘financial product advice’, particularly where the agent has provided and discussed returns from a property and its capital gain prospects. It may well be argued that the author of an opinion benefits from the purchasers decision in the event of the agent selling the property to the purchaser, notwithstanding that the selling agent is remunerated by the seller.

Conversely, in the case of a buyer’s agent assisting and advising the purchaser, where they are remunerated by the client purchasing the property, namely the consumer, the above issues are more pertinent. This is particularly so where the buyer’s agent provides information in relation to the property’s performance and suitability as an investment to a purchaser.

The above issues are further defined by Robinson (2002) who qualifies the context of influence a property professional may have on a prospective purchaser who is paid by that purchaser for that very service, which may include the services of a valuer or buyers agent. The points include:

The decision influenced may be to:

- Purchase
- Not purchase
- Sell or switch
- Increase /decrease existing interest.

Advice provided by property professionals may include assumptions and predictions for:

- Predicting future earnings for an investment
- Advice on negative gearing as an investment
- Recommendations relating to investment acquisitions
- Valuations to be used as advice to investors for managed investment schemes.

The potential implication for property professionals under the financial services framework is difficult to assess at this stage as no cases of significance have been tested in the courts. Whilst property has not been specifically listed as a financial product under the Corporations Act 2001, the adaptive application and interpretation of the legislation by the ASIC is being tested in the current retort to *Westpoint et al*. The broad application of the legislation in relation to what may be deemed a 'financial product' is highlighted by Baxt *et al* (2003), who emphasis the design of the legislation to be flexible and adaptive to deal with on-going developments in financial engineering. This apt description was mirrored in the Financial Systems Inquiry Report (1997), which referred to the former regulatory regime as not offering legal certainty for some financial participants in some areas. The difficulty in assessing the application of the FSRs to property is with the broad and nebulous definitions given to the terms 'Financial Product', 'Financial Product Advice' and 'Investment Advice', in relation to financial products.

What is the nexus between property and the FSR agenda in Australia? In summary, the issues raised by Robinson (2002), as referred to in the previous paragraph, define the grey area of where two different advisers may give advice in relation to property, of which the advice itself may be considered financial in nature and may be deemed to constitute Financial Product Advice. Financial Product Advice is defined by Hutley *et al* (2003:13) as "a recommendation, a statement of opinion, or a report of either of those things, which is intended to influence, or which could reasonably be regarded as being intended to influence, a person in making a decision in relation to a particular financial product" The broad definition of what a financial product includes:

- making a financial investment

- managing a financial risk
- making non-cash payments.

This raises the following questions to be asked that implicate Financial Service Reforms for property related services:

- 1) Is advice provided by a buyer's agent or seller's agent to a property purchaser relating to the negative gearing of that property considered to be investment advice?
- 2) Is a valuation report provided by a property valuer in the form of a property recommendation that meets the needs and objectives of an investor as defined by that investor considered to be investment advice?
- 3) Is the provision of property returns researched by a valuer and the projection of returns provided in a cash flow analysis by the valuer considered to be investment advice?

Whilst negative gearing constitutes financial engineering and is relevant to each specific person's circumstances, it may well be argued that this is the domain of the financial planner / investment advisor, who is specifically trained to determine a person's financial situation and risk tolerance levels. In contrast to negative gearing, the expertise of providing returns from property, both rental and capital, relates to the specific asset itself and is best determined by those trained to extract and analyse this information. This task may be best determined by trained property professionals, namely valuers, who are able to establish this information on a property by property basis.

If property is not listed as a specific financial product and an existing licensing regime and regulatory framework exists for agents and valuers at state government level to undertake a specific task, are the FSRs relevant to the property profession?

Who's best qualified to provide investment advice to property investors?

This question has now evolved to the point that asks what actual advice is being sought from an investor and provided by the relevant professional and can be answered from a number of perspectives.

The definition of advice under the Corporations Act is broken up into two parts which are defined as, **personal advice** and **general advice** s949A. Firstly, considering general advice, reference is made to lawyers and tax agents. General advice is referred to as matters of law and the legal interpretation or the application of the law. In addition, any advice that is given in the ordinary course of activities that is reasonably regarded as a necessary part of those activities is also considered to be general advice. With general advice, any professional should distinguish that the advice provided is in fact general advice. In the proposed inclusion of property as a financial

product under the Corporations Act, valuers have been identified as being included with lawyers and tax agents in the provision of general advice in providing advice in the ordinary course of their activities.

The Corporations Act (2001) definition of personal advice is tailored and specific to the circumstances of the recipient of that advice. The two specific ingredients of personal advice are defined as:

- a) the provider of the advice has considered one or more of the person's objectives, financial situation and needs; or
- b) a reasonable person might expect the provider to have considered one or more of those matters.

The definitions of real estate agent and valuer are focused on the task of the service provided to the client. This is in contrast to the client and the influence the advice provided by a financial adviser has on the decision-making process of the client. In concise terms, the valuer and agent provide a valuation or service to sell, buy or lease property. The financial adviser provides advice sometimes referred to as a 'statement of advice', upon which a fee is charged regardless of the client's decision to act upon it. As highlighted in the previous chapter, an exception for the valuer has been recommended much the same as for solicitors and accountants giving information in the course of their professional activity. This recommendation highlights a grey area that is distinguished between advice being a stand-alone service and information which is incidental to another service being provided.

It may be argued that the valuer who provides a valuation to a potential investor, which has an impact on the decision to purchase or not to purchase based on the valuation, has in fact given advice. This is particularly pertinent where an investment adviser has recommended the purchase of a property at a certain figure and the valuation obtained by the investor is lower than the figure provided by the investment adviser. It may be argued that the professional activity of the valuer in providing valuation advice to an investor is *de facto* investment advice. This is particularly relevant where the investment is property which produces a cash flow and the valuation is the present value of all future income in perpetuity. From this perspective, it is hard to see how valuation advice is not investment advice, given that this is precisely what the investor would pay the valuer to advise them of. The primary difference between investment advice and valuation advice may be viewed as being the discretion the adviser has to make a recommendation to an investor to pay above a valuation figure or range, based on the specific circumstances of that investor. This is the issue that is to be discussed in the next section. The focus of the expertise of the financial adviser may be to fine-tune and apply the advice provided by the valuer in tailoring investment advice to the needs of a particular investor. As discussed earlier, this is defined as specific or personal advice.

The service of the real estate agent marketing property to an investor is the process of marketing the attributes or inherent and external features of the property to potential investors. The marketing focuses on the property itself. The marketing of property using the merits of negative gearing and prospective capital gains is to draw reference to the perceived attributes of property to an investor. At best, it may be argued that where negative gearing models are applied to a specific property with no relationship to any prospective purchaser, that this advice or information is general advice only. In relation to the aspect of capital gains projections, this advice relates to the property, which is reasonable to expect that the same capital gains projection would apply in any case, this is regardless of who purchases it. It may be considered that the projection of capital gains of a property is within the expertise of the valuer and property economic forecaster, as it is asset-specific.

In contrast to the selling agent, the valuer's expertise is to determine the value of the property at a point-in-time. The specifics and focus of the valuer and the valuation is on the property itself, not the client purchasing it. The vagaries of the valuation are confined to the asset, with the market value being the price a property would transact between a willing but not over-anxious seller and willing but not over-anxious buyer. The missing link of the valuer providing any more than a value or range of value is a framework for or context for their advice of value to be applied to an investor's specific circumstances. A vital gap exists between the property-specific information that a valuer provides and the investment value of the property to the specific investor. The valuer's expertise is confined to determining value, with little or no reference to the circumstances of the parties that contribute to the sales evidence, upon which they have based their value. As highlighted earlier, the attributes of the property used as sales evidence forms part of the information required to analyse the sale. If the valuation profession were to consider gaining the necessary skills to provide property investment advice, with emphasis on assisting investors to purchase property, valuers would need to know much more information about the client's needs and circumstances.

In contrast to the valuer and agent, consideration is now given to the expertise and advice of the investment adviser. The investment adviser, in addition to the definition of their role provided under the Corporations Act 2001, is also governed by an additional provision. This is known as the 'Know-your-client' rule, which is defined under sections 945A of the Corporations Act.

A summary of the key requirements of the investment adviser is covered under s945A of the Corporations Act:

- i) determine relevant circumstances of the client
- ii) make reasonable inquiries as to those circumstances

- iii) consideration of the subject matter of the advice is reasonable in the circumstances of the client
- iv) the advice is appropriate to the client having regard to that investigation and consideration.

In contrast to the requirements of the investment adviser to have a reasonable basis for the advice provided in relation to a financial product, there is no coupling requirement for the investment adviser to have any specific qualifications in relation to the specific product that they are recommending. The specific focus of the 'Know-your-client' Rule is on the client. The investment adviser is clearly client-focused, as opposed to the property professional (agent and valuer) who is asset-focused.

A broad review of the headings of both a financial plan and investment advice are set out in Figure 2, which highlight the distinct matters and focuses of the contrasting advice of both valuers and investment advisers / financial planners. From this analysis, it is clearly noted that the advice provided in a financial plan is client focused, in contrast to the advice of the valuer, which is property or asset-focused. Following Figure 2, is a brief critique of each valuation advice and financial plans which highlight shortcomings in each.

Figure 2: Overview of Valuation & Financial Plans

Valuation	Financial Plan
Address	Personal Details
Instruction	Estate Planning
Date of Valuation	Savings Plan
Interest Valued	Income & expenditure
Location	Assets & Liabilities
Title Details	Retirement Plan
Town Planning	Risk Analysis
Land Description	Insurances Personal & Asset
Services	Investment Analysis
Improvements	Investment Objectives
Accommodation	Plan Rationale
Market Commentary	Recommendations
Valuation Rationale	
Valuation Figure	
Supporting Evidence	

Sources: Australian Property Institute & Tower Financial Services

A study by Newell (1999:607) found the weaknesses in valuation reports as surveyed as being:

- 1) Failure to understand complexities and market position of a particular project
- 2) Inadequate market analysis
- 3) Failure to comment on likely market trends
- 4) Lack of details and discussion of analytical aspects
- 5) Limitations on assumptions and qualifications of valuation report
- 6) Limited use of comparables
- 7) Too much reliance on historic aspects of market performance

In contrast, to valuations, Choice magazine (2003) commissioned a survey of financial plans prepared and undertaken by financial planners. Included in the assets recommended was property investment, both direct and indirect. 124 plans were commissioned; of these, 28 were not provided in writing, 2 plans were ranked very good and 31 ranked good; the balance being either “okay, Border-line Poor or Very Poor”. Identified as common weaknesses in financial plans (2003:14) were,

- 1) Pushbutton plans
- 2) Not Comprehensive
- 3) Investor goals ignored
- 4) Alternatives ignored
- 5) Expensive recommendations
- 6) Sale of existing investments
- 7) Gearing (Borrowing to invest)
- 8) Tax implications ignored
- 9) Diversification
- 10) Inadequate retirement planning
- 11) Insurance not addressed
- 12) Estate planning overlooked
- 13) On-going relationship and its cost

Research method and rationale

A survey of the professions highlighted in this paper as well as financiers has been used to assess the perceptions in relation to the primary research questions as to who is best qualified to provide property investment advice and assist the investor select the most appropriate investment property.

Valuers were selected in their present capacity of undertaking mortgage valuation work and for other traditional valuation purposes. In their role as mortgage valuers, their inclusion in the survey also provides an interesting addition as to whether valuers would support valuations prior to purchase, which might assist the purchaser and also serve the needs of the lender. In essence, the question considered is: what impact could the change of property purchasers engaging valuers prior to purchase have on the orientation of the valuer and their role?

Selling agents have been selected for their traditional role in the marketing and sale of residential property to investors. The impact of the information and advice they provide to prospective purchasers and investors is now under the scrutiny of Government. The effect of the selling agent on a more informed and experienced investor in the property purchase process is relevant to this study.

Financial planners are a growing profession who are recognised through licensing to provide investment advice. This advice may relate to property, or any other form of investment. They represent the sovereignty of advice giving as being a stand-alone profession. Their role in providing property investment advice will continue to emerge and grow as finance and access to funds from equity in property and other assets afford diversification of investment. In the sale of new residential property they are assuming an increasing role in the advice and recommendations they provide to investors.

Lenders, excluding mortgage brokers, have been included as the requirement for finance is integral to the property investment process. The provision of finance and the cost and structure of that finance is an important component to the success of the purchase and on-going performance and return from a property. The perspective of the lender is an important consideration in determining whether the client, as well as the lender, may be better served by valuation advice being sought prior to purchase rather than after.

Accountants, Accountants have been included as their profession was most heavily affected by the provisions of the Chapter 7 of the Corporations Act 2001. In most cases the advice accountants provide to their clients is tailored and specific to their clients circumstances and is not general advice. As a consequence, many accountants have become licensed financial advisers and they represent a large portion of the licensed advisors in Table 2.

Table 3: Summary of Survey responses

Participant / Profession	Surveys Sent	Surveys Returned	Invalid Surveys	Response % Excl Invalids
Valuer	70	58	5	76%
Real Estate Agent (selling)	70	42	3	56%
Buyers Agent	40	13	0	33%
Financial Planner	70	19	0	27%
Accountant	70	20	1	27%
Solicitors / Conveyancer	70	23	3	29%
Lender (Brokers excluded)	70	33	0	47%
Totals	460	208	12	43%

Survey Task

Rank the above professionals from 1 to 6 in determining which professional is most qualified to assist an investor select the most suitable residential investment property for their investment objective. 1 represents the most suitably qualified professional and 6 the least suitably qualified professional.

Survey Result Summary

Table 4 – Professional ranking by all professionals across all professions

Professional	Highest percentage 1st vote	Highest percentage 2nd vote	Total 1st & 2nd
Buyers Agent	29	26.5	55.5
Selling Agent	11.5	14.1	25.6
Valuer	39.2	21.3	60.5
Financial Planner	7.9	14.7	22.6
Conveyancer	4.3	8.5	12.7
Accountant	8.4	14.7	23.1

N.B. Figures in Table 7.2 do not equate to exactly 100 percent due to rounding

Table 5 – Professional self ranking versus total 1st & 2nd of all professionals

Professional	Self Vote Percentage	Total 1st & 2nd
Buyers Agent	61.5	55.5
Selling Agent	30.8	25.6
Valuer	65.4	60.5
Financial Planner	15.8	22.6
Conveyancer	25	12.7
Accountant	0	23.1

Table 6 – Lowest ranking of a profession by another profession

By	On	6th Ranking %
Selling Agent	Conveyancer	41
Financial Planner	Accountant	42.1
Conveyancer	Buyer Agent	35
Conveyancer	Financial Planner	40
Accountant	Valuer	63.2
Lender	Selling Agent	60.6

Result Summary

The survey has determined valuers to be the most qualified profession by all other professions combined in assisting the investor select the most suitable investment property. Buyer's agents were determined the next most qualified profession to perform this task.

In contrast to this, accountants ranked the valuer the lowest ranking on a single profession basis, followed by lenders, voting selling agents the second lowest and third lowest ranking was financial planners, voting accountants as the least qualified.

Discussion

Whilst the above provides an interesting analysis of professions on the perspectives of other professions, this analysis is set aside as the requirement to provide property investment advice, which includes the selection of a specific property investment that is no longer governed by professional perception alone, but also by qualifications. The former process of any self-determined profession giving property investment advice is now under review, as property is currently being considered as an asset class to be included under Chapter 7 of the Corporations Act 2001. If property is included as an asset class, professional perception will no longer be the test, as any professional wishing to provide property investment advice will be required to hold an investment advisers license issued by the Australian Securities Investment Commission (ASIC).

Under the present status, the only professions that operate under this licensing regime are financial planners and accountants who give tailored investment advice. As reviewed in the literature, the provision of investment advice, and its application to property, would include advice to buy, sell, hold or switch an investment. Further evident in the literature was discussion that the provision of investment advice, in relation to any specific investment is a stand-alone profession. Advice is no longer dictated by the asset class, or professionals within that asset class involved in the process of buying and selling the asset itself.

Investment advice is a stand-alone profession with separate qualifications in all investment vehicle classes except direct property investment, which is now open to being included. Responses to this survey question are in stark contrast to the perceptions of regulators who seek to provide consumer protection to investors who first search for advice in order to make an informed decision based on that advice. As noted in the valuation headings in Figure 2, property valuers are more asset-centred in contrast with investment advisers who are client-centred. As accountants have continued to skill-up to continue to provide tailored advice or have added the provision of tailored advice to their skill-base and services, similar potential opportunity exists for property professional, particularly valuers.

Many accountants have been forced to become dually qualified and obtain investment advisers licenses in order to continue to provide the services that they traditionally have. In contrast, it is

expressed that a number of property professionals are providing tailored investment advice disguised as general advice to clients. Discussions with accountants has indicated that the complex nature of superannuation structures and investment vehicles in which property may be held is within their domain, not the valuers. In addition, it is also highlighted valuers, whilst having a good understanding of property values, are not equipped to advise on any more than a point-in-time value to the client. Advice as to the ongoing performance of the property and specifically in relation to a client's circumstances is seen as the role of the investment adviser.

Conclusion

As the role of the investment adviser as a standalone profession gains acceptance by both professions and regulators responsible for the administration and policing of these professions, greater reliance and expectations are now being placed on policing agencies. At present the evolving regulation of Financial Service Reforms has not been fully synthesised by property and other professions directly and indirectly involved in property marketing, transaction and information based services. As greater reliance is placed on professions involved in investment advising and retirement planning, the relevance of investment advice and the quality of that advice will continue to come under greater scrutiny.

Despite the need for a paradigm shift in expanding the gambit of services provided by property professionals, with specific reference to property investment advising activities, opportunity exists for valuers. In particular, valuers may expand their services and consolidate their position as property experts. This shift whilst lucrative and potentially prestigious for the valuation profession, would require re-skilling and additional experience in understanding the needs and objectives of the clients. To date this issue has been a specific weakness of the valuation profession as very few, in fact no property has ever litigated the valuer, but many clients have. To this end, it may be asserted that valuation is a client focused profession in which the valuation profession operates.

As direct property investment is forecast to continue to grow as part of wealth creation and retirement planning, it is necessary for the profession to grow the service and expertise of property professionals and valuers. Aside from the increasingly complex regulatory framework surrounding investment advising professions, without expansion and evolution of property advising services, valuers in particular are likely to become the servants of those professions who commission their advice. In summary, the view of Gilbertson (2002 p.11) best depicts the potential for the profession as follows:

"Data mining is part of the science. But the client is willing to pay for the interpretation of the data to determine an opinion of value, which can be relied upon. The interpretation is the art" and adds (p12) "Imagine a photograph of a ball in flight. Is it going up or going down? That is what the client wants to know. He would really like to know where that ball will be after an agreed period of time".

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