



SUBMISSION ON THE REAL ESTATE AGENTS BILL

To the Justice and Electoral Select committee

Introduction

This submission is from the Institute of Financial Advisers.

We wish to appear before the committee to speak to our submission.

Our contact details are:

David Hutton
Chief Executive
Institute of Financial Advisers
PO Box 5513
Wellington

Phone (04) 499 8062
Fax (04) 499 8064
Mobile (0274) 462 656
Email david@ifa.org.nz
Website www.ifa.org.nz

Background information on the Institute of Financial Advisers

The Institute of Financial Advisers (IFA) is the professional body for some 1,400 members, representing needs-based financial advisers in New Zealand. All members are individual members, not corporate members. We estimate that our members provide advice to around 600,000 clients, many of whom would be couples rather than individuals.

Our members provide advice to their clients in the areas of insurance, investments, financial planning, work-based savings and insurance, retirement planning, estate planning and financial services generally. Their professional practices reflect the broad spectrum of New Zealand businesses – they operate as local SME's, are part of large regional or national dealer groups, are associated with strong financial organisations, services companies in banking, funds management, or insurance, work in employee benefits organisations, or sometimes practice as lawyers, accountants and other professional advisers.

The Institute reinforces compliance with a code of ethics and practice standards, runs Dispute Resolution and Disciplinary Committees that are independently chaired, offers education pathways that can lead to tertiary qualifications and the attainment of internationally recognised adviser marks, maintains and ensures compliance with a continuing professional development programme, and provides networking, education, development, and business practice forums at a national and regional level for members.

Submission

We support the intention of this Bill to improve regulation of real estate agents.

We urge the Committee to consult with their colleagues in the Finance and Expenditure Select Committee that is considering other bills relating to regulation of the financial services sector. IFA considers that regulation of the real estate industry needs to be consistent with regulation of financial advisers. The Financial Advisers Bill includes advice on investment of money or other property, so some aspects of investment in real estate may be covered. The two sets of provisions need to be consistent.

Penalties

IFA wishes to make a submission on a single issue, the penalties that apply to real estate agents under this bill, which differ from those that apply to others in the financial services sector.

Clause 143 of the Bill sets maximum fines of \$40,000 for an individual and \$100,000 for a corporate entity.

Under the current Securities Markets Act and the Financial Adviser Bill, the maximum penalties are \$100,000 for an individual and \$300,000 for a corporate.

IFA submits that the two penalty regimes should be aligned.