

AUST. COMPETITION &
CONSUMER COMMISSION
MELBOURNE
28 OCT 2008



REIA

REAL ESTATE INSTITUTE
OF AUSTRALIA

23 October 2008

Mr David Hatfield
Director
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne VIC 3001
Your Ref: C2008/ 1491

Dear Mr Hatfield

Australian Property Institute application for minor variation to Authorisation A90545

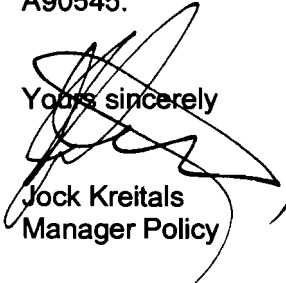
I refer to your letter of 9 October 2008 seeking comment on a proposal by the Australian Property Institute (API) to restrict the ability of Student Members, Graduate Members and Provisional Associates to sign valuations to sign property valuations. API proposes the greater involvement, in a supervisory capacity, of Certified Practising Valuers.

There is some possibility that the API proposal, if implemented, might have a negative impact on the level of real estate activity. If as a result of the proposed changes, valuations become more conservative and, the maximum allowable borrowings for some potential home buyers decrease then there could be a decrease in competition in some market segments. Thus, possibly resulting in lower market prices and lower activity levels.

Further, increased costs of valuations associated with the proposal could result in higher loan application fees and might, albeit at the margin, impact on housing affordability and thus in market demand.

Whilst the above impacts are possible, practically the impact of the API's proposal would be very negligible on the market. The REIA thus does not object to the proposed variation to Authorisation A90545.

Yours sincerely



Jock Kreitals
Manager Policy

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