

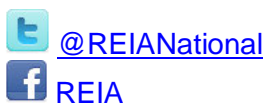


**REIA SUBMISSION TO THE SENATE STANDING COMMITTEE ON LEGAL AND
CONSTITUTIONAL INQUIRY INTO THE CRIMES LEGISLATION AMENDMENT
(ECONOMIC DISRUPTION) BILL 2020**

SEPTEMBER 2020

PREPARED BY

Real Estate Institute of Australia (REIA)



REIA SUBMISSION TO THE SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL INQUIRY INTO THE CRIMES LEGISLATION AMENDMENT (ECONOMIC DISRUPTION) BILL 2020

The Real Estate Institute of Australia (REIA) is the peak national body for the real estate profession in Australia.

REIA's members are the State and Territory Real Estate Institutes, through which around 75% - 80% of real estate agencies are collectively represented.

REIA represents an integral element of the small business sector. Some 99% of real estate agencies are small businesses and 11% of all small businesses in Australia are involved in real estate. Only 0.6% of businesses employ 50 or more persons.

The Census records the Rental, Hiring and Real Estate Services Industry employment as sitting at around 120,000 this includes business brokers, property managers, principals, real estate agents and representatives. Property contributes \$300 billion annually in economic activity and is a critical component to Australia's economic resilience in the post-pandemic world.

REIA is committed to providing and assisting research and well-informed advice on a range of issues affecting the property market to decision makers.

Introduction

The REIA welcomes the opportunity to provide a submission to the Senate Standing Committee on Legal and Constitutional Inquiry into *The Crimes Legislation Amendment (Economic Disruption) Bill 2020* (the Bill).

The Bill contains measures to improve arrangements targeting the criminal business model, ensuring that law enforcement has appropriate tools, confiscating assets and prosecution.

The REIA has a long term interest in the effective administration of laws regarding money laundering and the sources of information for their efficient administration.

In past consultation the REIA has, inter alia, pointed out that:

- The majority of Australian real estate agencies are small businesses (99pc +) and there is a need to be aware of regulatory cost imposts. Any suspected money laundering, just as the case is in the USA, is likely to be limited to a small number of locations. The majority of agents across Australia are not likely to ever encounter suspect buyers and should not have to manage costly, time-consuming procedures.
- Whilst the approach is not uniform, across Australia many jurisdictions currently collect data on prospective buyers/bidders and renters through an identity check. For agents it provides another way of qualifying the buyers and assessing more accurately their interest in a particular property. From the experience of real estate professionals in jurisdictions that have introduced identity checks it would appear that a national approach to identity checks prior to undertaking a transaction is feasible. A national approach will have the added benefit that it is a step towards harmonising real estate practice across the jurisdictions.
- Agents are not the only entity involved in a real estate transaction and that any proposed anti-money laundering regime requires that a review of all possible data sources be undertaken. Sales involve not only the agent but also financial institutions

and conveyancers as well as the Office of State Revenue, the Australian Taxation Office and the Foreign Investment Review Board. In moving towards a regulatory regime for anti-money laundering in the real estate sector consideration should be given to what information is currently obtained by others and to identify what information gaps there are and whether agents are the best ones to meet the gap and at what cost.

- The introduction of electronic conveyancing provides an important adjunct. With e-conveyancing, parties to the transaction will need to have their identity verified by the lawyer/conveyancer settling the property. If this data were to be matched with other Government data bases this would provide scope for a level of monitoring and compliance that has not previously been available.
- On-line platforms for sales and auctions will pose a greater risk for any anti-money laundering scheme regime than traditional real estate businesses and would need to be included in any future scheme. In addition there are a number of overseas portals selling Australian real estate including new off-the-plan developments to foreign residents. These too would need to be part of any proposed anti-money laundering scheme.

To date the Australian Government has assured the REIA that it did not want to impose unnecessary regulatory burden on agents and we thank them for this.

Comment on Crimes Legislation Amendment (Economic Disruption) Bill 2020

It is against this background that the REIA has considered the Bill.

It is possible that the proposed measures in tracking down and prosecuting launderers covered by the Bill increases the possibility that onerous responsibilities will not be imposed on tranche 2 sectors including the real estate sector.

The REIA thus supports the measures in the Crimes Legislation Amendment (Economic Disruption) Bill 2020.