THE VALUE OF EDUCATION AS A PRE-REQUISITE FOR OCCUPATIONAL LICENSING IN THE BUILT ENVIRONMENT

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Abstract

During the last 50 years, education for the built environment professional in Australia has undergone many changes. The profession encompasses construction, project management, property agency, valuation, engineers and architects. Within Australia, each state and territory has a range of regulatory bodies and professional associations to monitor and enforce compliance and licensing relating to educational requirements. Professional licensing requirements often drive tertiary education requirements. This research paper examines the need for compulsory education in the property and construction industries. Additionally, emphasis on the fields of knowledge embedded within the course curriculum, and the requirements for work experience are discussed. The research is complemented with data from New South Wales and the governments’ purpose for initially introducing compulsory education, and the subsequent amendments thereafter. It is argued that education as a pre-requisite for occupational licensing provides many benefits for the end user. Furthermore, with the changing nature of the work environment, education is viewed as a convenient vehicle to deliver the needs of the consumer. The paper concludes with an evaluation of the current regulatory controls on the educational requirements within the property and construction sectors.

Keywords: Education, built environment, occupational licensing.

1 INTRODUCTION

The Built Environment broadly encompasses construction, project management, property agency, valuation, engineers and architects with each industry having their own pre-requisite requirements for education and licensing. In general, the construction industry incorporates residential buildings, non-residential buildings and engineering construction. Property agency is geared towards the real estate agency services, such as the management of properties (both commercial and residential), and also acting on behalf of purchasers and vendors when negotiating the sale of these properties.

These two industries, construction and property play a vital contribution towards Australia’s economy. The supply and demand for housing is always a key priority both in terms of providing shelter and also creating many employment opportunities. In this regard, compulsory education is a pre-requisite for employment in the property industry and is mandated. Consequently, occupational licensing and registration in New South Wales is mandatory under the Property Stock and Business Agents Act 2002, (Property Act) if working in the property industry and the work involves buying, selling, leasing and negotiating with property transactions.

Similarly, the construction industry mandates compulsory education for licensing and for a variety of job categories associated within the industry. Since 2004, in New South Wales, individuals within the category of general building work or swimming pool building, who hold a license or a certificate under Section 40(2D) and (2E) of the Home Building Act 1989, are required to meet minimum educational requirements to apply for a licence or certificate and are required to undertake Continuing Professional Development (CPD) as a requirement of their licence renewal. The introduction of CPD is aimed to meet legislative requirements, maximize consumer protection, maintain public confidence, reduce disputes in the building industry and provide new knowledge and information. For instance specialist topics are included in the different licence and certificate categories, where Fair Trading NSW considers this to be a high risk area. For example, some of the current recommended risk areas for CPD include sustainability, compliance responsibilities, safety, building technical issues, communication techniques, dispute resolutions and business management skills.

Therefore, whilst regulation has increased for the building profession over the last few decades this need has arisen from the desire to improve consumer protection. Life-long learning is critical to the development and commitment of all professions. This ensures the maintenance and proficiency of the professional to competently carry out their duties and maintain consumer protection and accountability. Foundation courses in education provide knowledge and skills which rapidly date and...
the introduction of CPD provides a gap between formal education and practice through professional socialisation. The introduction of CPD also raises questions with regards to the relevant and important topics, content and delivery of the educational syllabus.

The property industry, in the late 1960’s introduced compulsory formal education and then in September 2003 the Office of Fair Trading in New South Wales introduced CPD as a requirement for property agency licensing and certificate holders. The aim being to provide property agents and certificate holders with continuing education comprising of “significant intellectual or practical content, be relevant to property agency work and provide an educational outcome”. The purpose and objective of the compulsory CPD was geared towards the maximising of consumer protection and to maintain public confidence with the property professional. In 2007, the New South Wales minister for Fair Trading authorised an independent evaluation of the then, current system for CPD and invited submissions from training providers and industry associations to provide recommendations and improvement to the current program. The review resulted in an overhaul of the program and a broader range of topics approved as suitable for CPD for the property professional.

The purpose of this research paper is to examine the need for compulsory education as a pre-requisite for occupational licensing, both during the initial stage and the renewal of licenses, in the property and construction industries. The first part of the paper discusses the literature for occupational licensing and educational requirements. This is complemented in the second part of the paper with data relating to the fields of knowledge embedded within the course curriculum. It is argued that education as a pre-requisite for occupational licensing provides many benefits for the end user, being the consumer. The paper concludes with an evaluation of the educational requirements within the property and construction sectors.

2 LITERATURE REVIEW

As noted earlier in the paper, within Australia during the last 50 years, various occupational licenses including the construction and property industries have gradually introduced formal educational requirements as a pre-requisite for occupational licensing. Additionally in the last ten years legislation has been introduced to incorporate mandatory CPD, in order to renew these existing licenses. In the case of property agents and construction, licensing and certificates of registration are managed under the auspices of individual state and territory Offices of Fair Trading (also known as Fair Trading).

There are varying definitions for CPD. For instances, the ARB/RIBA UK (Bott) defines CPD as the “systematic maintenance, improvement and broadening of knowledge and skills, and the development of personal qualities necessary for the execution of professional and technical duties throughout the practitioners’ working life”. Similarly CPD includes a “lifelong learning function” (Collins & O’Brien 2003) and is the “maintenance of knowledge, expertise and competence of professionals throughout their careers” (O’Sullivan 2003).

Indeed literature is quick to state that CPD broadly encompasses a life-long learning process, and is for the benefit of all stakeholders and society in general. During this last decade many professions and professional bodies have introduced compulsory CPD with an underlying aim to help serve public interest and strengthen the individual image for the professions. This is further reiterated by (Collins & Obrien 2003) who stated that “…incorporation of continuing education into accountability systems for professional practice” has increased. Equally political agendas have been cited (Young 1998) as the motivation for compulsory CPD however arguably with the increase in consumer complaints within the construction and property profession it can be stated that the Australian government is well justified with their intent to introduce compulsory CPD. Furthermore Young (1998) stated that the public were concerned with the professions and the employer’s inability to police and train their staff adequately. A survey undertaken by Young 1988 (Young 1998) supported mandatory CPD for many reasons including “protection against liability”. Indeed many insurance companies consider the non compliance of CPD a contributing factor to the high litigation claims.

The learning environment for education in Australia has been identified as an important consideration when engaged in CPD activities (Boyd 2005). Suggestions included integrated problem based workshop activities and industry engagement as a practical option for the development of multi-skilled professionals. Many researchers acknowledge the importance of updated information for technology combined with the development of decision making skills as a worthy outcome. This reasoning has also been reflected in the South African real estate industry where the government has introduced
training and entry requirements for their sector to promote knowledge, ethics, and a professional image and improve communication between all stakeholders (Robinson 2008).

As we enter into a new decade there have been varied schools of thought to justify the need for CPD. For example does CPD enhance existing knowledge? Where is the benefit for the different stakeholders? Were there problems in professional practice prior to compulsory CPD? Is the benefit aimed at a financial reward for the training provider only? I.e. is there a notion that training providers have a vested interest? Interestingly, research and literature indicates professional associations, universities and governments have a “clear responsibility” for the development and introduction of courses and methods for CPD in the general professions (Cervero 1998).

The importance of “interprofessional skills” where a professional taps sources from other professions is highlighted (Barr 2009) with suggestions of activities via journals, or to join a reading group, distance learning and e-learning. However, the argument presented also expressed concern with the importance for “grounding in practice” and “quality of interaction”. A popular suggested education method appears to be the inclusion of workshops which include problem solving techniques, seminars, conferences, courses, self directed learning etc to provide a blended learning environment (Miller 1967; Brown & Uhl 1970; Knox 1974; Houle 1980; Green et al. 1984).

Lifelong learning is critical to the commitment for all professions. This ensures the maintenance and proficiency to competently carry out their duties and maintain consumer protection. The growth of knowledge is necessary to effectively “discharge their occupational roles” (Wessells 2007). Whilst education for licensing can provide the students with a foundation course of study, the knowledge and the skills and opinions acquired rapidly date (Roberts 1991; Watkins & Drury 1994; Farmer & Campbell 1997). The richness of the CPD must ensure that education is not just a mass production of accumulated hours or points to satisfy merely the licensing requirements. It is generally accepted that CPD can bridge the gap between formal education and practice through professional socialisation (Roberts 1991; Farmer & Campbell 1997; Page 2007) and the using of problem-solving skills to perform effectively (Cross 1969; Escovitz 1973) and the introduction of specialisation will enhance “education and training beyond the basic professional degree of license” (Lowenthal 1981; Ball 1991 Pritchett 1994). This is further summarised by researchers (Regehr & Mylopoulos 2008) who favour CPD from practitioners own personal experiences such as problem solving by reflection and self assessment, recognition of the gaps in knowledge, undertaking appropriate learning activities, and translating these new skills into daily professional practice and the continuous reassessment of performance.

The introduction of CPD also raises questions with regards to the relevant and important topics and content of the educational syllabus for the initial qualification of the licence. For example, in Nigeria, a survey on real estate education and practice (Oladokun 2012) concluded the educational curriculum lacked business and accounting knowledge requirements to effectively carry out professional practice and recommended major policy change to the educational curriculum. The importance of relevant topics within specific industries was also documented in studies undertaken for CPD in the property sector (Hovell 1999; Avdiev 2000; Boyd 2000; Fischer 2000; Newell & Eves 2000; Yu 2001; Oloyede & Adegoke 2007). Therefore, CPD additionally provides the knowledge and tools for good decision making skills complemented with a variety of learning activities and structured within a framework in place to monitor and record the CPD, with the relevant topics included as a component of the educational system.

Consequently, occupational licensing has been linked on numerous occasions to the enhancement of consumer protection with regards to better services from the construction and property industry. Additionally, the improved technical knowledge offered through educational resources is an added benefit. However, it does appears that some countries, for instance Australia, whilst they did introduce occupational licensing, it was not until years later that compulsory education was considered a prerequisite. Researchers have also questioned the validity and benefits associated with occupational licensing and if there was in fact a better standard of service and knowledge, then it was a normal expectation that the consumer should be prepared to pay for this benefit (Rudolph 1998).

In recent years developing countries such as Indonesia have sought to regulate their technical industries, and in particular the construction industry which has developed minimum standards of competency through educational institutes (Wirahadikusumah & Pribadi 2011). Likewise the legal profession and other industries have licensing and educational requirements (Pagliero 2011). South Africa introduced formal education for real estate from the 1990s (Cloete 2002). Therefore, compulsory education is viewed as an important mechanism for occupational licensing.
However, in contrast, Ghana has not regulated estate agents and this has caused concern with consumers that estate agents have inadequate skills and education (Obeng-Odoom 2011). Over the years, the lack of regulation in the UK has also caused apprehension. During the 1960s the UK was concerned with the lack of regulation for the estate agent; however there was no government intervention, except in later years when professional bodies involved themselves with education and accreditation. However, membership of a professional body is not compulsory and in some instances there are estate agents who have no formal qualification or for that matter any appropriate technical knowledge and yet are still able to practice as an estate agent (Shears 2009). Therefore, in order to protect the consumer, the research concluded that it was necessary for the government to impose universal regulation (Shears 2009).

Oladokun & Olatoye (2011) evaluated the licensing and education requirements in Nigeria and concluded that real estate professionals were well trained and equipped with sound technical knowledge and familiarity with the relevant property laws. In Nigeria compulsory education is considered an essential criterion to practice as a real estate professional.

In conclusion, literature recommends compulsory education for occupational licensing, and with regards to the countries that do not have regulation in place for real estate agents, research has identified concern from consumers.

3 RESEARCH METHODOLOGY AND LIMITATIONS

The purpose of this research paper is to examine the need for compulsory education as a prerequisite for occupational licensing in the property and construction industries. Because licensing and certificates of registration are managed under the auspices of individual state and territory offices of Fair Trading, this paper will limit the research to within the state of New South Wales in Australia. With regards to the construction industry, however, some comparisons are drawn from the other states, to highlight the major differences with educational and licensing requirements. Furthermore, it is beyond the scope of this paper to incorporate other professions from the built environment.

Therefore, this paper is a conceptual study which explores and discusses the reasons for mandated education in occupational licensing. The first stage of the research provides an overview of the literature, both from a national and international perspective. The data with the contextual analysis for occupational education is undertaken within the second stage of the research within the discussion section. This also incorporates the relevant fields of knowledge which are embedded within the course curriculum and their relevance to the licence categories are also noted and explored within this discussion.

4 DISCUSSION AND ANALYSIS

As discussed in the literature review of this paper, one of the primary reasons for occupational licensing is to ensure appropriately qualified people undertake work in the construction and property industries. As each jurisdiction within Australian has its own provisions regulating these industries, The National Training Information Services provides units of competency for the various sectors, with a training authority in each jurisdiction to oversee the implementation of the units of competency. Therefore, competency based qualifications have been gradually introduced for occupational licensing. Competency has been described as “the application of knowledge and skill in order to achieve the performance standard required for some specified workplace activity” (OFT 2008). The next section of the research provides the data and contextual analysis for educational requirements relevant to the construction and property industries.

4.1 Education and Construction licensing

Effective from the 26th March 2012, in New South Wales, there have been changes to the educational requirements for licensing, which includes a minimum of 2 years relevant work experience, a Certificate IV in Building and Construction, (which includes 15 compulsory core units) and a trade licence or a Diploma in Building. From 2008 to 2012 there have been numerous changes to the Training Packages for Construction which includes the training packages BCG40106, CPC40108, CPC40110 and others.

Therefore, broad similarities amongst the regimes, is the requirement for all individuals, for any type of licence category in construction, to complete units of competency from the current Services Training
Packages. In addition, each jurisdiction states that the underpinning knowledge, within these units of competency, must be based on the relevant laws within the appropriate state or territory. The units of competency are very prescriptive within each jurisdiction. There are compulsory core units, compulsory common units and compulsory elective units. Depending on the type of licence, and duties to be performed the number of units varies from 12 core units to 18 core units.

In contrast Victoria has a Registered Building Practitioner requirement, so for example a builder would be registered, but if completing a contract for only electrical works registration would not be required. However, an advantage with one common licence is less paperwork and less red tape, and the educational requirements are streamlined and simplified. A disadvantage of this method, though, is the loss of specialised knowledge for each category of licence. Hence it might be viewed that the educational requirements in New South Wales or Victoria offers the consumer the best advice and expertise for the discipline in which the builder and contractor is licensed.

Western Australia and Queensland also had similar units of competency with Victoria and New South Wales, however not one state had identical units of competency for any of the licence categories. A further anomaly is the qualification link to the units of competency where there is a mixture of a trade licence combined with a Diploma, or a stand-alone University Degree in Construction, or the combination of an engineering degree with a building diploma.

In New South Wales, CPD under the Home Building Act 1989 is aimed to provide new knowledge, information, meet legislative requirements for licence and certificate renewal, maximise consumer protection, maintain public confidence and reduce disputes in the building industry. Specialist topics are also included for the different licence and certificate categories, where the OFT considers this to be a high risk area. For example, some of the current recommended risk areas for CPD include sustainability, compliance responsibilities, safety, building technical issues, communication techniques, dispute resolutions and business management skills.

Therefore, whilst regulation has increased for the building profession over the last few decades this need has arisen from the desire to improve consumer protection. An analysis was undertaken of the total licences issued under the Home Building Act since 2001 (OFT 2008-2011). The results indicated that there were 171,254 currently registered builders at 30th June 2011, as opposed to 162,043 registered builders at 30th June 2003. This represents an increase of approximately 5.6%. Two financial years appeared to decline in growth – the 2006 and 2008 financial years; however, with the introduction of compulsory CPD in 2004/2005 financial year, there is the possibility that the new educational requirements pressed many non-active builders to relinquish their builders’ licence as opposed to continuing with further education. Additionally, the 2006 financial year recorded the lowest intake of new building licences. A possible explanation for this trend might be attributed to the abolition of the 20 years experience as a pathway to obtain a builders licence. This abolition was effective on the 1st January 2006, and was further streamlined with competency based learning assessments a few years later which indirectly recognized skills experience in the relevant areas.

A further analysis was undertaken on the number of complaints lodged against the building industry, including the total penalty notices issued and the successful prosecutions. In the financial year 2010/2011 the success rate for prosecutions was approximately 86% (Antoniades 2012; OFT 2008-2011). Research also disclosed a lack of detailed data available for complaints, and therefore, it was not possible to analyse the reasons associated with these complaints within the building industry.

Complaints in the financial year 1998/1999 peaked at 2,000, and then rapidly declined in the following year, followed by modest increases of complaints until 2003/2004 when the complaints jumped to 6,275. The OFT has stated that complaints are demand driven according to building firms collapsing, and increases and decreases in the supply and demand for building works. (Antoniades 2012; OFT 2008-2011).

Policy makers will continually implement strategies to improve consumer satisfaction and protection. Trends recently indicate a decrease with penalty notices issued and a leveling of the value associated with this infringement; likewise successful prosecutions have decreased in numbers and also in value. However, from 2002 there was a steady increase of compliance enforcement, which peaked during 2006 to 2008. It is not possible at this stage to predict whether the decline will continue, as previous records also showed a peak during 2003 to 2005, followed by a decline and then yet again another peak. Since the introduction of compulsory CPD in 2004 the figures do not appear to indicate any steady improved trend, rather the indication favours cyclic increases and decreases. (Antoniades 2012; OFT 2008-2011).
Consequently, there is a clear indication of an increase of complaints associated within the building industry, and it is questionable whether the formal education and CPD has improved consumer protection. However, government policy is to reduce red tape and compliance costs and to maintain an appropriate level of consumer protection. There are varying learning activities suggested by government, all aimed to develop the required skill set and knowledge and competencies for relevant topics. Similar to property the learning activities are measured in a variety of methods such as the time allocated for the activity, journal entries for time spent on reading published materials such as journals and professional articles. The implementation and monitoring of education and CPD appears to be a reflection of the quality of the training and the adoption of the National Training framework and concerns arise over these educational requirements.

4.2 Education and Property Agents Licensing

Similar to construction, to assist with the formation of suitable course content, Training Packages are developed in conjunction with industry and an extensive national consultation process. The national Industry Skills Council (ISC) is responsible for the co-ordination, development and review process for all the training packages. An overview of the historical progression for real estate education is provided later in this paper.

In New South Wales, CPD under the Property Act has the same aims as CPD for the construction industry. Specialist topics are also included for the different licence and certificate of registration categories, where the OFT considers this to be a high risk area. For example, some of the current recommended risk areas for CPD include trust accounting and audit requirements, risk management, strata, stock and station agency, legislation, ethics and professional responsibility.

Therefore, whilst regulation has increased for the property professions over the last few decades this need has arisen from the desire to improve consumer protection. For example, in New South Wales, consumer complaints increased in 2005 from 1,756 to 2,440 in 2009, which represented an increase of 38.95% in consumer complaints (OFT 1998-2011). Whilst education requirements have changed over the last 9 years, and there is no longer a mandatory two year experience prior to obtaining the real estate licence, the Property Act, does however provide for mandatory continual professional development and the Office of Fair Trading continues with random audits and quality control visits to agencies premises. Additionally disciplinary measures exist for agents who do carry out fraud.

An examination of the subjects within the current property training package indicates that the early exit points (Certificate II and III) are available to provide the student with an overview of the industry, and an opportunity to proceed to a higher qualification, and a more advanced understanding of the industry. Therefore depending on the job description and responsibility and the desired career pathway, the training packages are designed to provide flexibility and appropriate exit points.

Table 1 below commences from 2005, because this was the year when the first national Training Package was introduced. Each training package is reviewed every few years and superseded with a new training package. Also, Fair Trading NSW with the release of each training package will itemise the compulsory units of education for each category of property licensing.

<table>
<thead>
<tr>
<th>QUALIFICATION</th>
<th>COURSE NUMBER</th>
<th>NATIONAL CODE</th>
<th>TRAINING PACKAGE</th>
<th>NOMINAL HOURS or attendance</th>
<th>THIS COURSE REPLACED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior 2005 Diploma</td>
<td></td>
<td>PRD01</td>
<td>2 to 3 years part time</td>
<td>CPP07</td>
<td></td>
</tr>
<tr>
<td>2005 to 2009 Certificate IV In Property Services (Real Estate)</td>
<td>9672 and 9674</td>
<td>90779NSW</td>
<td>PRD01</td>
<td>2 years part time</td>
<td>19196 Property (Operations)</td>
</tr>
<tr>
<td>2005 to 2009 Certificate IV in Property Services (Operations)</td>
<td>17685</td>
<td>CPP40607</td>
<td>CPP07 Property Services</td>
<td>570 hours</td>
<td>18366</td>
</tr>
</tbody>
</table>

4232
As indicated in Table 1 above, the attendance prior to 2005 was for 2 to 3 years part time, which was the equivalent of approximately 600 to 700 hours of attendance. When the national training package was introduced the hours were initially 570 hours and then later increased to 590 hours. This represents approximately 140 hours of reduced classroom attendance, although the qualification prior to 2005 was at the Diploma level and so at the lower level of Certificate IV a decrease in hours can be justified as warranted.

Furthermore, an analysis undertaken in 2013 by Antoniades, did not disclose any missing fields of knowledge from the current training packages. In fact there were a number of additional topics which appear to be in line with changes to various legislations and procedures applicable to the management of specialised properties within the industry. Therefore at this stage, there did not appear to be a lesser course content than prior to 2005, and whilst the research acknowledges the fewer hours allocated to the course, this has been attributed to the qualification dropping down one level from a Diploma award to a Certificate IV award (Antoniades 2013).

This issue of course content was also noted by (Wells & Williams 2010) who undertook an analysis of real estate programs in America which offered accreditation in the business discipline. Whilst real estate was not considered a common body of knowledge, their research concluded that the majority of the programs offered, had adequate inclusion of real estate knowledge, if the students chose to undertake real estate as a career path. However, during the 1980s greedy profit making schools in America exploited the requirement of exams for occupational licensing and focused on training the students to pass the exams, rather than obtaining the necessary technical knowledge for a real estate career. (Wellford et al. 1984).

5 CONCLUSION

In conclusion, the justification by a government to introduce education for occupational licensing is warranted, in particular for consumer protection. This research paper set out to evaluate the need for compulsory education in the construction and property industries. The analysis disclosed that each jurisdiction has its own provisions for licensing and education; and these provisions have a mix of similarities and differences with each other. One of the major problems identified with the differences in the educational requirements was the relationship with the different category of licences and the selection of the units of competency within each jurisdiction. Furthermore each state is able to select units of competency from the National Training Package. Formal education is geared towards the maximising of consumer protection and to maintain public confidence with the professionals.

Therefore, consumer protection was identified as a major component within occupational licensing requirements. Data extracted from New South Wales was analysed in an attempt to identify the problematic areas relating to complaints in the construction and property industry. Professionals in the built environment have a duty of care to maintain professional knowledge and skills to competently service their client and work within a framework of current governance and professional requirements. The introduction of mandatory CPD for professional regulation has gradually increased during the last decade and the competitiveness of the industry has placed demand on the professional to meet these high expectations from the public which contributes to maintaining public confidence.
REFERENCES


