

# IN THE HOT SEAT

■ API CHATS TO PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA (PIPA) CHAIRMAN BEN KINGSLEY ABOUT HOW PROPERTY INVESTORS CAN BE BETTER PROTECTED AND EDUCATED.

## What does PIPA do?

The Property Investment Professionals of Australia (PIPA) is the peak association for professionals who work in the property investment industry. Our goal is two-fold. We aim to increase the professional skills and standards of practitioners who work in the property investment field through better training and education, and secondly, we want to inform and protect consumers from unscrupulous operators.

## What's your role?

I'm the chair of the association and along with my fellow board members, we set and oversee the strategic direction and development of the association for our members. We're all professional practitioners in our own property investment businesses and we donate our time and energy to help improve the industry that we're all passionate about, just like our members.

## How does it protect consumers?

Given property investment isn't regarded as a financial product, it doesn't come under government regulation. This means that anyone can put on a nice suit and smooth talk unsuspecting consumers into investing in property, without them having any qualification or experience in actually advising clients. Members of PIPA, however, operate under a strict code of conduct. This code is a series of rules and self-regulation about how our members can engage with consumers, ensuring the consumers' best interests instead of their own. A great example of this is that under our code, all members must fully disclose how they're being paid. If they're receiving commissions, kicks backs or referral fees from a developer or other third party, the consumer must be informed of this and can then make their own judgment as to whether this fee is reasonable for the work or service they're receiving.

## The property industry isn't regulated, how can you stop people being ripped off?

If consumers are looking to get professional advice they should firstly talk to a qualified property investment advisor (QPIA). A QPIA has undertaken a formal education in property investment advisory work, and like financial planners, they must take into consideration, and discuss, the risks and overall financial goals and objectives of the client as part of the property advisory work they perform.

## What plans, if any, are in place to improve the regulation?

PIPA is constantly lobbying both state and federal governments to regulate investing in direct property. It's a challenging task, given governments are looking at ways to reduce regulation, but that's not stopping us from making our case to them that 'mum and dad investors' are at serious risk of having their life savings destroyed by property sharks and spruikers. Until such time, our code of conduct for PIPA members is the best self-regulation in the marketplace. Anyone thinking of investing in property should find out if the person or business they're talking to is a member of PIPA. If not, then they run the risk of dealing with someone who may be putting their own interests and financial gain before that of their client.

## Has PIPA done anything recently worth mentioning?

PIPA works actively with ASIC and consumer affairs within state government level to push our message of strong protection within the industry. When consumers come to us to make a complaint against an operator, we direct them to the relevant authorities to see if they have a case against that operator and seek compensation for the client under laws such as the *Australian Consumer Law*.

## What's the best way to make money through property, i.e. slow and steady wins the race?

I think the best way to answer this is to define investing. Investing is a passive or non-active pursuit over the medium to long-term. When it comes to property, speculating or trading is considered a short-term pursuit, while renovating is a longer-term, as you're working to achieve a result that might not immediately be realisable. You can make money and lose money with all these options, but I'm a traditional investor and will use my skills and knowledge to invest for the long-term. I follow this formula for the majority of property investment advisory work I do.

## How many people are in PIPA?

PIPA has memberships for companies and also sole traders. Some members are companies that have lots

of employees so it's a bit hard to give you exact numbers, but I'd say approximately 500 members. There are also over 100 members completing their qualified property investment advisor (QPIA) course at present. To be a member, you don't have to be just a property investment advisor. PIPA membership is available to accountants, mortgage brokers, property managers, conveyancers etc. and consumers can search for their required professional on the website, knowing they're dealing with property investment specialists. In fact *Australian Property Investor* magazine is now a member of PIPA, because you too believe in greater consumer awareness and protection, and you're passionate about providing education to your readers.

