

Report crackdown to stop nasty surprises

Melissa Singer CONSUMER AFFAIRS, Sydney Morning Herald

September 16, 2010

Experts believe a government property inspections register should be created to help improve transparency and reliability of reports.

Property inspections should be logged on a government register to discourage sellers from "report shopping" to conceal defects and improve their sale prospects, experts believe.

The register was suggested by property and construction industry representatives in response to a state government plan to shift the burden for building and pest inspections to sellers. Under the scheme, the cost of the reports would be covered by the successful buyer.

However, opinion remains divided on whether the changes would increase consumer protection and reduce red tape.

Supporters of the plan hope that compulsory vendor inspections will save buyers hundreds, if not thousands, on inspection reports for properties they ultimately fail to buy.

"It will save all purchasers who are left disappointed after spending thousands to no avail," the founder of Aussie Home Loans, John Symond, told a forum at NSW Parliament yesterday. He said the current convention of buyer inspections was "antiquated, cumbersome and expensive".

Patrick Bright, representing the buyers' agents, said NSW generated up to \$42 million worth of "wasted" reports each year for auctions alone.

He would support NSW adopting a similar system to the ACT, which introduced compulsory vendor inspections in 2003.

Britain also has a system of vendor inspections.

But the director of a Canberra property inspection company, who asked not to be named, told the *Herald* real estate agents frequently bullied inspectors to dumb down reports.

Angus Kell, the NSW manager of Archicentre, said its share of the pre-purchase inspection market in the ACT had completely diminished after the introduction of compulsory reports. "Real estate agents have tried to keep us out because our reports are too thorough."

Opponents of compulsory reporting say that shifting the onus to sellers would give them the power to choose their inspector and provides no guarantee of the impartiality or the quality of the report.

Alan West, of the Australian Institute of Conveyancers, said fees for reports could rise to cover increases in disclosure requirements.

"Building and pest inspections obtained by the vendor will not fulfil the requirements of many purchasers," he said.

The Labor MP for Kiama, Matt Brown, is preparing a report for cabinet on the proposal. He agreed many complaints arose from auction situations and expressed concern that many buyers frustrated by the current scheme could be "bidding cold" on properties with potential defects. "Once the hammer falls you get that property warts and all," he said.

Archicentre supports vendor inspections but called for a return of minimum qualifications and licensing of inspectors, which the state government dumped last year as part of a series of efficiency measures.

Mr Kell said the government may need to consider separate reporting requirements for auctions and private treaties to address issues of gazumping and under-quoting, which can lead buyers to obtain reports for properties they cannot afford.