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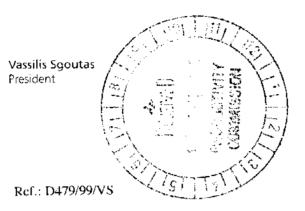
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Ms Hone Productivity Commission Architects Inquiry LB2 Collins Street East MELBOURNE VIC 8003 Australia

Paris, 21 December 1999

Dear Ms Hone

The International Union of Architects (UIA) is aware of the inquiry into the registration and regulation of architects in Australia being conducted by the Productivity Commission.

The purpose of this letter is to advise the Commission that the UIA believes it essential that Australia maintains a system of statutory registration and regulation of architects.

The UIA has, since 1994, undertaken an intense program to develop International Standards of Professionalism in Architectural Practice. This process has involved the Standards being translated into at least six languages and being considered by the 105 Member Sections of the UIA before being adopted at our Assembly in Beijing this year. I can therefore confidently assert that this Accord sets the international best practice standard for the practice of architecture.

If you wish, we can arrange for you to have a complete copy of the Accord and the accompanying Guidelines but in respect to the registration and regulation of the architectural profession our policy states that "The UIA promotes the registration/licensing/certification function of architects in all countries. In the public interest, provision for such registration/licensing/certification should be by statute."

Architects provide professional advice and services in many markets and it is the nature of this professional service that requires a statutory system of regulation.

Services provided by professionals have been regulated in different ways by different jurisdictions for a number of reasons. Both courts and regulators have accorded professionals a higher degree of responsibility than other occupational groups. This is based on the professional's specialised knowledge and skill and the high level of reliance placed on this by the client.

In attempting to define the difference between professional services and services offered by other groups, the Monopolies Commission, United Kingdom (1970) defined a professional service as one requiring:

- the application of specialised skills to offer this service;
- the skills are acquired through defined and practical training in a well defined area of study;
- the service calls for a high degree of detachment and integrity on the part of the practitioner in exercising personal judgement on behalf of the client; and
- the service involves direct, personal and fiduciary relations with the client.

The commission further stated that:

 practitioners collectively have a sense of responsibility for maintaining the competence and integrity of the occupation; and

 practitioners are organised in bodies, which are concerned to provide the machinery for testing the competence and regulating standards of competence.

Professional architects fall within this definition.

There is and will continue to be, an increase in complexity within the various areas in which professionals work. Professional services are inherently difficult for consumers to evaluate, as they are usually infrequent purchasers. This creates a significant asymmetry of knowledge between the provider of the services and the consumer, which makes it difficult for consumers to choose between alternative services. Information may be costly or difficult to acquire or the limited information available may be misleading.

The consequences of misjudgement can be costly in either financial or human terms. Consumers are disadvantaged by their limited ability to:

- · assess the need for architectural advice and/or service;
- · assess the type or quality of service needed;
- · distinguish between the competent and incompetent provider and
- determine the quality of service delivered.

Therefore they are likely to purchase on price alone. Relatively high external market costs may result from the delivery of services by incompetent persons.

Transaction costs for professional services may be high. These include:

- · finding someone to do business with;
- reaching an agreement on price and other aspects; and
- ensuring the terms of the agreement are fulfilled (including resort to legal advice and court action).

When the transaction costs are high, demand is lessened and the size of the market reduces accordingly. Consumers benefit from processes that reduce transaction costs (time and price), such as the introduction of more efficient means of bringing buyers and sellers together; or resolution of post sale disputes.

A statutory system of registering and regulating the architectural profession is adopted in most countries as the most effective way of overcoming potential market failures and thus protecting the public interest. A deregulated market in Australia may tend to attract people who are unable to achieve registration in their own countries.

Lurge you in your considerations to conclude that to maintain its position in the global market and to protect the health, wealth, safety and social and cultural amenity of the Australian people, a national system of registration and regulation of architects should be maintained.

The International Union of Architects remains at your disposal for any clarifications or supplementary information.

Yours sincerely

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Vassilis SGOUTAS UIA President