

LISA GANDOLFO
Deputy Secretary, Consumer Affairs and Local Government
Department of Government Services
1 Spring Street
MELBOURNE VIC 3000

16 October 2025

Dear Ms Gandolfo,

REGULATORY IMPACT STATEMENT FOR THE HOUSING STATEMENT PROPERTY REGULATIONS

I would like to thank your staff at the Department of Government Services (the Department) for working with the team at Better Regulation Victoria to prepare a Regulatory Impact Statement (RIS) for the proposed Housing Statement Property Regulations.

The Commissioner for Better Regulation provides independent advice on the adequacy of the analysis provided in all RISs in Victoria. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be written clearly so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 16 October 2025 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994* (the SLA).

Background and problems

The *Consumer and Planning Legislation (Housing Statement Reform) Act 2025* (the Act), implements several initiatives from the Victorian Government's 2023 Housing Statement. In the RIS, the Department explains that the Act introduces a registration scheme and enables regulations to prescribe continuing professional development (CPD) for four key property professions: estate agents, agents' representatives, conveyancers and owners corporation (OC) managers (individuals and officers in effective control (OIECs)), and initial education requirements for OC managers (individuals and OIECs). Under the current arrangements:

- **Estate agents** must complete a prescribed Certificate IV and Diploma qualification to meet minimum education requirements. They must also have at least one year of experience as an agents' representative to be licenced. While they are not subject to CPD requirements, the Department notes that 70 per cent of estate agents currently complete at least 10 hours of CPD per year as part of their Real Estate Institute of Victoria membership
- **Agents' representatives** must complete a prescribed Certificate IV qualification to meet minimum education requirements. They are not subject to CPD requirements
- **Conveyancers** must complete a prescribed Advanced Diploma qualification to meet minimum education requirements. They are not subject to CPD requirements, however the Department notes that 50 per cent of conveyancers currently complete at least 10 hours of CPD each year as part of an Australian Institute of Conveyancers membership
- **OC managers** have no initial education or CPD requirements. However, the Department notes approximately 30 per cent of OC managers have completed part or all of a relevant Certificate IV and do 12 CPD activities each year as part of a Strata Community Association of Victoria membership.

The Department explains that some harms that Victorians face in the property industry are attributable to, or exacerbated by, how property industry professionals provide their services. Examples of this include agents not undertaking necessary rental repairs, agents providing poor advice and prioritising quick sales over the best price to property sellers, and OC managers not adequately maintaining the common property (such as stairwells, lifts, gardens, etc).

The Department also explains that educational attainments of property industry professionals are inconsistent within each profession. Therefore, the Department concludes that this inconsistency increases the risk that the services provided by property professionals will negatively impact Victorians.

Options and impact analysis – CPD and minimum education requirements

The RIS outlines options to increase the competence of the four types of property professionals in Victoria, which are intended to protect renters, homeowners, and people buying or selling property.

For **estate agents, agents' representatives and conveyancers**, the Department analyses two options in detail to prescribe CPD requirements:

- Option 1: amend regulations to require a minimum of **two CPD activities** per year. Two sub-options are further considered, which differ in relation to mandatory CPD activities, assessment requirements and approval of training providers:
 - Option 1A contains **less prescriptive** CPD requirements in relation to mandatory CPD activities, assessment requirements and approval of training

providers. For example, this could mean that a test on the content learned is not necessary as part of CPD and providers can receive automatic approval to provide their services (as opposed to requiring prior approval).

- Option 1B contains **more prescriptive** CPD requirements in relation to mandatory CPD activities, assessment requirements and approval of training providers.
- Option 2: amend regulations to include a minimum of **five CPD activities**. As with Option 1, two sub-options are further considered.

In the RIS, the Department quantitatively analyses the options using a cost benefit analysis (CBA), assessing impacts over a 10-year period. The CBA assesses that Option 1 (two CPD activities) would have \$48 million in benefits and \$45 million in costs (including costs to Government), resulting in a net present value (NPV) of \$3 million and a benefit-cost ratio (BCR) of 1.06. The CBA assesses that Option 2 (five CPD activities) would have \$119 million in benefits and \$125 million in costs (including costs to Government), resulting in an NPV of -\$6 million and a BCR of 0.95.

The Department explains that the CBA does not account for several unquantifiable costs and benefits of the proposed options, nor does it account for the relative importance of different costs and benefits. Therefore, following the CBA, the Department undertakes a multi-criteria analysis (MCA) to decide its preferred option. The following criteria are used:

- 50 per cent weighting to costs to government, industry and community
- 50 per cent weighting to benefits, which include making renting fairer and safer, reducing the number of disputes and improving business efficiency within the industry.

In the MCA, the Department assesses that the additional activities under Option 2 will lead to significant benefits, but also impose significant costs. When compared to Option 2, Option 1 is expected to generate moderate benefits and costs. After applying the weightings to the raw scores assigned, the Department assesses that both options would create an equal amount of net benefit.

Option 2A is selected as the Department's preferred option. In subsequent qualitative analysis, the RIS explains that this option is chosen because it most strongly enhances professional competence and strengthens consumer protections. The relatively small difference in the estimated BCR and NPV is not considered by the Department to sufficiently justify selecting Option 1 over Option 2. Similarly, the higher cost of Option 2 relative to Option 1 is considered to be justifiable given Option 2 more closely aligns with the policy intent of increasing competence of property professionals. The Department also notes that stakeholders feedback indicated a preference for Option 2.

The Department also explains it prefers less prescriptive CPD and other requirements because it minimises burden on CPD providers, the Business Licensing Authority (BLA)

and Consumer Affairs Victoria (CAV). The Department expects Option 2A will support a robust regulatory system to ensure CPD activities deliver meaningful learning outcomes.

For **OC managers (individuals and OIECs)**, the Department analyses three options in detail to prescribe minimum education and CPD requirements:

- Option 1: Minimum education requirements will be completion of **any three core units from the Certificate IV** in Strata Community Management. A minimum of **two CPD activities** per year will also be required
- Option 2: Minimum education requirements will be completion of **any five core units from the Certificate IV** in Strata Community Management. A minimum of **five CPD activities** per year will also be required
- Option 3: Minimum education requirements will be completion of a **full Certificate IV** in Strata Community Management. A minimum of **five CPD activities** per year will also be required.

The Department explains that the options for OC managers were assessed using a breakeven analysis (BEA) because the benefits are less certain and more difficult to quantify. The RIS estimates the total costs (present value over 10 years, including costs to Government) of the options to be \$3 million for Option 1, \$5 million for Option 2 \$15 million for Option 3.

In deciding the breakeven point, the Department consider the number of VCAT cases that would be prevented by the proposed options. Over the next 10 years, Options 1 to 3 would need to reduce VCAT cases by eight per cent (139 cases), 14 per cent (237 cases) and 41 per cent (683 cases) respectively.

The Department considers that Options 1 and 2 will likely breakeven when accounting for other benefits not directly assessed in the BEA, such as productivity gains and reduced complaints to CAV. The Department considers that Option 3 is unlikely to breakeven.

Option 2 is selected as the Department's preferred option for OC managers. In subsequent qualitative analysis, the Department explains Option 2 provides the most effective balance between the costs and benefits of new initial education and CPD requirements.

The total estimated cost on industry of the preferred options for estate agents, agents' representatives, OC managers and conveyancers is \$122 million over 10 years.

Options and impact analysis – fees

Separately, the RIS also considers options for increasing cost recovery associated with the Department's cost of regulating the property industry, which are charged on estate agents, agents' representatives, conveyancers and OC managers. Currently, on average, licensing and registration fees recover 50 per cent of the costs of regulation.

The Department uses an MCA to assess three cost recovery options, which have been developed considered the Pricing for Value principles:

- Option 1 achieves full cost recovery for all four occupations
- Option 2 achieves full cost recovery for OC managers and conveyancers and partial (approximately 50 per cent) cost recovery for estate agents and agents' representatives
- Option 3 achieves full cost recovery for OC managers, conveyancers and estate agent, and partial (approximately 50 per cent) cost recovery for agents' representatives.

Option 1 is selected as the Department's preferred fee option. It is preferred to the current arrangements as it fully recovers costs from all occupations. In the RIS, the Department explains there is currently significant variation in cost recovery between occupations, noting 46 per cent of costs to regulate OC managers are recovered compared to 248 per cent of costs to regulate conveyancers. Accordingly, the Department considers Option 1 to create the most efficient outcome. The Department expects that Option 1 will increase yearly revenue by \$1.5 million.

Implementation and Evaluation

The Department explains that CPD requirements for estate agents, agents' representatives and conveyancers will apply from 1 April 2027. For OC managers, the initial education requirements will apply from 30 June 2027 and CPD requirements will apply from 1 April 2028.

The RIS outlines the key implementation and transitional activities to be undertaken between 2026 and 2028, which include developing compliance and enforcement policies, developing processes for administering CPD and minimum education requirements, and communicating the new requirements to industry.

The Department commits to evaluating the regulatory changes in 2030, which is additional to existing and ongoing engagement undertaken by the Department.

Should you wish to discuss any issues raised in this letter, please do not hesitate to contact my office on (03) 7005 9772.

Yours sincerely,



Katrina McKenzie

Commissioner for Better Regulation