

Regulatory Impact Statement for Mandatory Training and Licensing Reforms for property industry professionals

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Glossary

Abbreviation

AIC Victoria

BCR

BLA

CA Act

CAV

CPD

EA Act

\$M

NPV

OC Act

OC Managers

OIEC

PV

Property industry professionals

REIV

RTOs

SCAV

SL Act

VCAT

Stands for

Australian Institute of Conveyancers Victorian Division

Benefit Cost Ratio

Business Licensing Authority

Conveyancers Act 2006

Consumer Affairs Victoria

Continuing professional development

Estate Agents Act 1980

\$ Millions

Net Present Value

Owners Corporations Act 2006

Owners corporation managers

Officer in Effective Control

Present Value

Estate agents, agents' representatives and owners corporation managers

Real Estate Institute Victoria

Registered Training Organisations

Strata Communities Association of Victoria

Subordinate Legislation Act 1994

Victorian Civil and Administrative Tribunal

Executive summary

Context for this RIS

The Victorian Government's Housing Statement, released in 2023, put forward a plan to address the problem of housing affordability:

*"Housing affordability is at its lowest in decades, and it's taking so much longer to save for a deposit than it used to. Vacancy rates for rentals are at record lows, and prospective tenants are finding theirs is just one of dozens of applications. Key workers are struggling to find housing close to where they work – especially in the regions. And many families are getting priced out of the market altogether."*¹

Initiatives announced by the Government included a commitment to introduce mandatory training and licensing for four key professions in Victoria's property industry:

*"Every real estate transaction involves significant financial investments and legal complexities, and renters often rely on agents to provide accurate information and advice. We'll introduce mandatory continuing professional development for real estate industry professionals – including agents, property managers, conveyancers and owners corporation managers (OC managers). It'll mean better skills for real estate workers, encourage ethical conduct across the industry, and give renters the peace of mind they deserve."*²

The *Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025* (Housing Statement Reform Act), which received Royal Assent in March 2025, delivered on the Government's policy commitment by introducing:

- A registration scheme for agents' representatives under the *Estate Agents Act 1980* (EA Act)
- Registration requirements for officers in effective control (OIECs) of owners corporation (OC) management companies under the *Owners Corporations Act 2006* (OC Act).
- Regulation-making powers to prescribe continuing professional development (CPD) for estate agents and agents' representatives under the EA Act
- Regulation-making powers to prescribe initial education and CPD requirements for natural persons registered as OC managers and OIECs of OC management companies.

Powers to prescribe CPD for conveyancers already exist under s46 of the *Conveyancers Act 2006*. The Housing Statement Reform Act refined these powers to align with the powers introduced into the EA Act and OC Act.

Whilst these powers are in legislation, regulations are required to operationalise the powers by providing the detail of the requirements.

¹ Victorian Government (2023), *Victoria's Housing Statement*, accessed at: <https://www.vic.gov.au/housing-statement>

² Ibid, p.28.

Problem definition

Access to safe and affordable housing is an ongoing challenge for many Victorians who are renting, seeking to purchase a home, or managing mortgage repayments.

Property industry professionals – estate agents, agents' representatives, OC managers and conveyancers – play a significant role across key parts of the housing market and the manner in which they provide services can materially impact outcomes for property renters, buyers, sellers and owners.

While many professionals voluntarily complete initial education and CPD, inconsistent attainment and standards increase the risk of harms of poor standards which impact Victorians renting, buying and selling homes.

Objectives

The primary objective of the education reforms being considered is to support the Victorian Government's commitment in the Housing Statement to make renting fairer and safer and to improve outcomes for consumers in the property market by increasing the competence of professionals working as estate agents, agents' representatives, OC managers and conveyancers. In particular, the proposed reforms aim to complement regulatory reforms made in recent years to better protect consumers in the property industry by ensuring that property professionals continue to stay abreast of new reforms and have the skills to promote full compliance. Secondary objectives of the education reforms are:

- To reduce the number of disputes between consumers and agents
- To improve efficiency for businesses operating in the industry.

These objectives will need to be balanced with minimising barriers to entering the industry and minimising the administrative burden to government.

The objective of the proposed fee reforms is to support the Victorian Government's pricing principles by recovering the full costs of service provision to promote efficient consumption. This objective will need to be balanced with equity considerations and any potential impacts on incentives to enter the industry.

Options assessed

Options assessed for estate agents, agents' representatives and conveyancers

Key differences in design features across options include the number of CPD activities required (including the composition of mandatory versus elective activities), whether a learning assessment is required, and whether CPD training providers are automatically approved via a definition in the Regulations or must seek approval from the Business Licensing Authority (BLA) before offering CPD activities.

- Base Case
 - No change to current regulations i.e., no mandatory CPD requirements. Professionals continue to undertake CPD voluntarily at their current levels.
- Option 1: 2 CPD activities:

- Amend regulations to require a minimum of 2 CPD activities per year for estate agents, agents' representatives and licenced conveyancers.
- **Option 1A Less prescriptive CPD requirements:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
- **Option 1B More prescriptive CPD scheme:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
- Option 2: 5 CPD activities:
 - Amend regulations to include a minimum of 5 CPD activities per year for estate agents, agents' representatives and licenced conveyancers.
 - **Option 2A Less prescriptive CPD requirements:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
 - **Option 2B More prescriptive CPD scheme:** in relation to mandatory CPD activities, assessment requirements and approval of training providers.

Proposed CPD amendments for estate agents and agents' representatives will be made to the Estate Agents (Education) Regulations 2020. Proposed CPD amendments for conveyancers will be made to the Conveyancers (Qualifications and Experience) Regulations 2018.

Options assessed for OC managers

The scope of the proposed education requirements reflects the scope of registration for OC managers – not all individuals who are employed as an OC manager are required to be registered in Victoria. Most existing registrants are companies and, as part of the Housing Statement Reform Act, from 30 June 2027 registration requirements will be extended to an OIEC of an OC management company.

Initial education and CPD options were considered for natural persons registered as an OC manager (e.g. sole traders) and OIECs of an OC management company that is registered as an OC manager:

- Base Case
 - No change to regulatory framework meaning there are no initial education or CPD requirement for OC managers. Professionals continue to undertake initial education and CPD at their current levels.
- Option 1: 3 Certificate IV units plus 2 CPD activities
 - Amend regulations to include new initial education requirements for OC managers of any 3 core units from the Certificate IV in Strata Community Management, plus a minimum of 2 CPD activities per year.
- Option 2: 5 Certificate IV units plus 5 CPD activities
 - Amend regulations to include new initial education requirements for OC managers of any 5 core units from the Certificate IV in Strata Community Management, plus a minimum of 5 CPD activities per year.
- Option 3: Full Certificate IV plus 5 CPD activities
 - Amend regulations to include full Certificate IV in Strata Community Management as initial education requirements for OC managers, plus a minimum of 5 CPD activities per year.

Key differences across options include the minimum number of CPD activities (including the composition of mandatory versus elective activities) and the number of units from the Certificate IV as initial education requirements.

Options analysis

Methodology

Reflecting the nature of the options being considered, options in this RIS have been assessed in two parts:

- Options for CPD for estate agents, agents' representatives and conveyancers
- Options for CPD and initial education relating to OC managers

Options for the introduction of mandatory CPD for estate agents, agents' representatives and conveyancers are assessed using a cost-benefit analysis (CBA) as key costs and several key benefits could be quantified in monetary terms. The analysis is complemented by a discussion of qualitative benefits on items that cannot be assigned a dollar value using a multi-criteria analysis (MCA).

A break-even analysis was used to assess options for OC managers as benefits are less certain and more difficult to quantify. Note, education requirements for OC managers will only apply to natural persons registered as an OC manager and OIECs of an OC management company that is registered as an OC manager. It is also noted that, unlike for estate agents, agents' representatives and conveyancers, this will be the first time any OC managers are required to undertake initial education in Victoria (let alone CPD), so the reforms represent an initial first step towards raising competency levels.

The break-even analysis provides an estimate of the total costs of each option over a 10 year period (from when the proposed regulations come into effect). It then identifies the extent to which complaints regarding OC managers would need to reduce (relative to the Base Case) for the policy to be cost neutral. A subjective assessment against policy objectives outlined in section 3 informs the preferred option for OC managers.

Costs

The analysis quantifies *costs to industry* and *costs to government*:

- *Costs to industry* is the cost of property industry professionals undertaking CPD plus, for OC managers only, the cost of initial education.
- *Costs to government* are estimated based on implementation costs (e.g., cost of technical system upgrades) incurred upfront, plus ongoing cost for monitoring and enforcement of new requirements (e.g., resources to undertake spot checks to ensure property industry professionals are meeting their CPD requirements).

Benefits

The *CBA for estate agents, agents' representatives and conveyancers* quantifies three key benefits:

- Efficiency gains to industry from increased productivity
- Avoided enquiries, complaints and disputes to Consumer Affairs Victoria (CAV) and Victorian Civil and Administrative Tribunal (VCAT)

- Avoided cost of mould.³

The break-even analysis for OC managers compares the costs of options against the number of complaints against OC managers to determine how many complaints would need to be avoided for the option to break-even.

Summary of options analysis and preferred option - estate agents, agents' representatives and conveyancers

Table i presents the results of the CBA for estate agents, agents' representatives and conveyancers.

For both options 1 and 2, industry efficiency gains is the largest benefit, followed by the estimated benefit from avoided enquires, complaints and disputes.

Overall, the results are very similar at an aggregate level, with the Benefit Cost Ratio (BCR) for both options being estimated at around 1, but Option 1 having a slightly higher positive Net Present Value (NPV) and BCR than Option 2.

At the more detailed cost and benefit level, the results for Option 1 and 2 are very different. Option 2 has much higher benefits and costs than Option 1, reflecting the larger amount of CPD required – 5 units under Option 2 compared to 2 units under Option 1.

Potential benefits not quantified but discussed in this RIS include:

- Benefits to renters and other consumers:
 - Improved health and safety outcomes due to better housing conditions (in addition to mould, such as damage from cold weather, plumbing issues etc)
 - Reducing costs associated with housing insecurity, particularly for low income renters
 - Potential benefits to landlords associated with reduced maintenance costs, compliance and avoided time costs
- Benefits to tenancy support organisations
- Benefits to conveyancers through potential reductions in professional indemnity insurance premiums.

Table i CBA results –estate agents, agents' representatives and conveyancers interventions, (\$m, PV)

	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Avoided enquiries, complaints & disputes	\$20.4	\$51.1
Efficiency gain	\$25.2	\$63.1
Avoided mould	\$1.9	\$4.6
Total benefits quantified	\$47.5	\$118.8
Costs to industry	\$40.3	\$117.3
Costs to government	\$4.7	\$7.9
Total costs quantified	\$45.0	\$125.2
NPV	\$2.5	-\$6.4
BCR	1.06	0.95

³ For each benefit a 4% reduction in costs/gain is estimated for Option 1 and a 10% reduction in costs/gain is assumed for Option 2, reflecting review of evidence available and a linear relationship between CPD activities undertaken and benefits.

On balance, **Option 2 – a 5 CPD activity scheme – is assessed as the preferred option** for estate agents, agents' representatives and conveyancers. This option delivers a substantial increase in CPD undertaken by property industry professionals, which is expected to improve competency levels.

Given the objective of the reform is to strengthen consumer protections by enhancing professional competence (see Chapter 5), the higher CPD requirement under Option 2 is more directly aligned with the policy intent. The relatively small difference in the estimated BCR and NPV is not considered sufficient to justify selecting Option 1 instead.

In making this assessment, we have considered the strongly held view from stakeholders that a 5 CPD activity requirement would deliver greater benefits than 2 activities. This view is shared across both industry and tenancy/consumer advocacy organisations.

The sub-option of **less prescriptive CPD requirements is assessed as the preferred option** compared to more prescriptive CPD requirements. This sub-option delivers a sufficiently robust regulatory system to ensure CPD activities deliver meaningful learning outcomes, while minimising constraints in developing a strong and efficient market for CPD providers and minimising the administrative burden on the BLA and Consumer Affairs Victoria (CAV).

Summary of options analysis and preferred option – OC managers

A summary of costs and high level break-even results for OC managers is shown in Table ii.

Table ii Costs of options for OC managers

Cost category	Option 1: 3 units of Cert IV plus 2 units of CPD p.a.	Option 2: 5 units of Cert IV plus 5 units of CPD p.a.	Option 3: Full Cert IV plus 5 units of CPD p.a.
Costs to industry	\$3.0	\$5.1	\$14.9
Costs for OC managers to meet education requirements	\$2.7	\$4.2	\$14.0
Costs for OC managers to do extra CPD	\$0.3	\$0.9	\$0.9
Costs to government	\$0.11	\$0.18	\$0.24
Total costs	\$3.1	\$5.3	\$15.2
Break-even results			
No. VCAT cases annually - Owners Corporation List in Base Case	1,662	1,662	1,662
Reduction in VCAT applications required for break-even	139	237	683
Reduction in applications required (p.a.)	8%	14%	41%

Comprising over 95% of total costs, industry costs are made up of:

- The cost of OC managers undertaking CPD: the number of additional hours of CPD (relative to the Base Case) multiplied by the cost of an OC manager's time plus associated attendance fees.
- The cost of initial education: the number of OC managers requiring additional education (relative to the Base Case) multiplied by the cost of their time spent studying plus associated course fees.

Most of the industry cost is attributable to initial education requirements reflecting the higher amount of time required to complete initial education and the associated tuition costs, compared to CPD⁴.

In terms of break-even analysis, we assessed the number of VCAT applications to the Owners Corporation List required for each option to generate benefits that exactly offset or equal the costs of the option. We estimated that in the absence of any other benefits:

- An 8% reduction, or 139 VCAT cases, is required for Option 1 to break-even
- A 14% reduction, or 237 VCAT cases, is required for Option 2 to break-even
- A 41% reduction, or 683 VCAT cases, is required for Option 3 to break-even.

Reflecting on the analysis undertaken for estate agents, agents' representatives and conveyancers, a 5-activity CPD requirement was estimated to reduce cases by around 10%, whereas a 2-activity requirement was estimated to achieve a reduction of around 4%. In contrast, the OC manager reforms are coupled with additional initial education requirements, which may increase the expected benefits. On the other hand, the OC manager reforms apply only to one person from each business (natural persons registered as OC managers and OIECs) rather than across all practitioners.

Overall, it appears that Option 1 may achieve break-even on the basis of avoided VCAT cases alone, whereas Options 2 and 3 are unlikely to do so.

When a broader suite of benefits is considered (e.g., productivity gains, reduced calls/complaints to CAV), it seems reasonable to suggest that both Option 1 and Option 2 may break-even. For instance, Option 2 can break-even with a 10% reduction in VCAT claims, a 0.1% industry productivity gain and a 10% reduction in CAV enquiries/complaints.

Option 3 has significantly higher costs compared to other options, and would require a productivity gain of around 0.35% p.a. for the option to break-even. In practice, this translates into roughly an 18-hour productivity gain per OC manager per year to break-even.

On balance, **Option 2 – requiring 5 units of the Certificate IV and 5 CPD activities per annum – is identified as the preferred option** because it provides the most effective balance between the costs and benefits of new initial education and CPD requirements.

However, given the level of uncertainty in relation to the magnitude of benefits, it will be important for the Department to undertake a comprehensive evaluation of regulatory outcomes of the Regulations to assess the efficiency and effectiveness of the changes (see Evaluation Plan). At that time, the Department will also consider whether the scope of registration requirements (effectively, businesses and OIECs) remains appropriate.

Stakeholders indicated strong support for Option 2 and, in some instances, encouraged Government to adopt more stringent reforms reflecting the significant financial responsibilities of OC managers. Industry also raised that the benefits of these reforms are expected to grow over time as more properties are developed under the management of an owners corporation, and as more Victorians live in these properties.

⁴ The cost of enrolling in a unit of the Certificate IV is on average \$167 per unit whereas the average cost of attending a CPD session is \$55 per hour. Technically speaking a \$167 unit covers roughly 24 hours of study equating to \$7 per hour, but the initial education costs are incurred upfront meaning the costs are discounted less.

The sub-option of **less prescriptive CPD requirements is assessed as the preferred option** compared to more prescriptive CPD requirements. This sub-option delivers a sufficiently robust regulatory system to ensure CPD activities deliver meaningful learning outcomes, while minimising constraints in developing a strong and efficient market for CPD providers and minimising the administrative burden on the BLA and CAV.

Cost recovery analysis

The RIS assesses options for recovering the Department's costs of regulation of the property industry, recovered through fees from estate agents, agents' representatives, conveyances and OC managers.

This is the first time the Department has assessed cost recovery arrangements for all four professions at the same time and using the same approach and modelling. The intention is to use the same principles and costing approach, but enabling fees to be set to reflect the costs of regulating each profession.

Options are assessed against the Base Case of current fees arrangements as well as different levels of cost recovery (full cost recovery, partial cost recovery).

As they are not currently required to be registered, agents' representatives are currently not subject to any fees. Across the other professions where fees are currently in place for licensing and registration, there is currently estimated cost recovery of 50% across the four professions, with significant variation by profession (both above and below full cost recovery, and by individual fee type).

The analysis assesses fees options against following criteria, based on the Pricing for Value guidelines:

Table iii Summary of Pricing for Value Guidelines

Criteria	Description	Weighting
Efficiency	Agencies should aim to recover the full costs of service provision to promote efficient consumption. The cost of service provision should be borne by those who benefit from or create the need for the service. Services creating broad benefits for the community should be priced to support efficient consumption i.e. this might mean there is rationale for charging less than full cost recovery if benefits accrue to the community as well as industry.	30%
Ability to pay/equity	The price of services should not limit access to those with a lower ability to pay.	30%
Regulatory compliance	This principle is about regulatory compliance. The fees should encourage positive compliance behaviour or actions from the regulated parties (and not incentive non-compliance e.g. driving activity underground).	10%
Simple and easy to understand	Pricing structures should be easy to understand and simple to administer.	30%

It is proposed to set fees reflecting full cost recovery (100% of estimated costs) for all professions. This involves introducing new fees for agents' representatives, increasing fees on average for estate agents and OC managers, and decreasing fees on average for conveyancers. Fees for individual fee types are also set to more accurately reflects the costs of those services. Overall, the preferred full cost recovery

option reflects the strong efficiency benefit of recovering full costs of service, ensuring costs are borne by those who create the need for regulation, and providing an accurate price signal.

Summary of preferred options

Table iv summarises the preferred option for government across the two areas of reform.

Table iv Summary of options for preferred options

	Estate agents, agents' representatives and conveyancer reforms	OC Manager reforms
Preferred option identified in impact analysis	Option 2: 5 CPD activities p.a.	Option 2: 5 units of Cert IV plus 5 CPD activities p.a.
Initial education requirements	N/A – no change	5 core units from Certificate IV * exemptions are only available for those who have completed the full prior equivalent of the Certificate IV, which was superseded in 2021.
Minimum CPD activities	5 CPD activities per year	5 CPD activities per year
Mandatory vs elective CPD⁵	2 activities in mandatory topics Up to 3 activities in elective topics	2 activities in mandatory topics and up to 3 activities in elective topics
CPD Method of delivery	Activities must involve direct instruction and include at least one hour of learning, no assessment	Activities must involve direct instruction, include at least one hour of learning, no assessment
CPD Training providers	- Automatic approval is given to training providers who are: - Registered Training Organisations (RTO) who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can declare that a CPD activity offered by a training provider does not comply with the Regulations and cannot be counted towards minimum annual activities.	- Automatic approval is given to training providers who are: - RTOs who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can declare that a CPD activity does not comply with the Regulations and cannot be counted towards minimum annual activities.

Following targeted consultation with stakeholders, the Government has acknowledged that the regulation-making powers enacted via the Housing Statement Reform Act are not sufficient to address stakeholder concerns relating to training providers and do not provide sufficient flexibility to

⁵ Note: the exposure Draft Regulations includes a schedule with draft mandatory topics based on the national training package.
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update mandatory activity topics on a regular basis. As a result, as part of the Consumer Legislation Amendment Bill 2025, the Government is proposing to refine the CPD provisions in the EA Act, OC Act and Conveyancers Act so that:

- the BLA can set mandatory CPD activities on a regular basis (rather than prescribing the activities in regulations), and
- the CPD regulation-making powers clearly authorise regulations that prescribe requirements for CPD providers.

Small business and competition impacts

Small businesses

The proposed Regulations are expected to have a material impact on small businesses as the property industry has a high proportion of businesses that are non-employing or have between 1 and 4 employees.

It is assumed that most businesses will bear the cost of CPD for their employees. This cost might be absorbed by the business (lowering profits) or – depending on competition in the market – passed on to customers. Some employees may have to pay for their own CPD.

The requirement for CPD applies to all businesses and property industry professionals equally and we broadly expect costs to be proportionate to business size (using employees as a measure of size).

Impacts on small businesses will depend on the extent to which CPD is currently being undertaken voluntarily.

OC managers will also have to undertake initial education. For OC managers, one individual in the business (the officer in effective control) will need to undertake initial education and CPD. Initial education is a significant cost for those who have not already undertaken a Certificate IV; it will proportionately impact small businesses more than large businesses as each business only needs one person to complete the requirement (i.e. comparing cost to a business's total revenue/costs). This cost will be absorbed by the small business or passed on to customers.

Competition assessment

The amendments will increase barriers to entry, particularly for OC management firms where the officer in effective control is required to undertake a Certificate IV and CPD. This might particularly impact small businesses which are non-employing or employ a very small number of employees.

There may also be impacts on people entering the market as labour supply as a result of CPD requirements, although this is not considered to result in a large impact because the requirements are not considered onerous; it is also likely that commercial incentives will encourage businesses to support employees undertake CPD.

Implementation plan

Chapter 10 of this document outlines an implementation plan (including specification of key activities, dates and stakeholders) to implement the preferred options.

The table below outlines key activities, responsibility and timelines for implementation.

Table v Key implementation activities

Key activity area	Description	Responsibility	Timing
Regulations			
Finalise making of Regulations	Public feedback sought and responded to, Regulations finalised. Governor In Council makes Regulations.	DGS	Early 2026
Implementation and transition period			
Establish short/medium term and ongoing resource support	Undertaking resource planning, budgeting and recruiting across all streams of implementation and ongoing administration of the schemes.	CAV	2026
Develop CPD compliance and enforcement policy and processes	Develop policy and processes for how compliance with CPD requirements for professionals and training providers will be checked and enforced.	CAV	2026
Business and technical requirements for CPD requirements	Develop business and technical requirements for administering the new requirements.	CAV/BLA	2026-2027
CAV/BLA IT system changes	Develop IT systems required for administration of CPD requirements	CAV/BLA	2026-2027
Property industry guidance/communication program	Communicate with industry about new requirements, publish guidance materials	DGS	2026-2028
Evaluation planning			Evaluation planning
Evaluation strategy development and data collection	Develop evaluation strategy (see Chapter 9) including review of data and areas for improvement, establish data collection plan	DGS, with CAV input	For full evaluation, 2030
New requirements apply			
Enquiries management	Answer enquiries from practitioners about new requirements	CAV/BLA	From 1 April 2027
Compliance and enforcement action taken	Undertake compliance and enforcement activity	CAV/BLA	1 April 2028

Key activity area	Description	Responsibility	Timing
Ongoing policy work			
Mandatory topics for CPD	Ongoing work (potentially every two years) to review mandatory topics and consider updates to those topics	DGS	Ongoing

Evaluation strategy

Comprehensive evaluation is critical given the uncertainty associated with the benefits of CPD, as discussed throughout this RIS.

An evaluation strategy has been developed to evaluate the effectiveness and efficiency of the proposed changes. The evaluation strategy will consider the extent to which the changes are meeting the primary purpose of the reforms being considered, which is to make renting in Victoria fairer and safer by increasing the competency of professionals working in the real estate industry.

The Department will have responsibility for undertaking evaluation with significant inputs from CAV and BLA.

It is proposed that a full evaluation of the legislation and regulations will commence in 2030, two years following the commencement of CPD requirements for OC managers. This evaluation will be in addition to frequent ongoing engagement undertaken by the Department on matters across the residential tenancies, real estate, OC management and conveyancer policy areas.

A key area of interest in the evaluation will be assessing the effectiveness of CPD in improving competency for property industry professionals and the extent to which improved competencies produce better outcomes (including for renters).

1 Background

This chapter outlines the context to the RIS, scope, current regulatory framework and process undertaken for the RIS.

1.1 Housing Statement reforms

The Victorian Government's Housing Statement, released in 2023, put forward a plan to address the problem of housing affordability:

*"Housing affordability is at its lowest in decades, and it's taking so much longer to save for a deposit than it used to. Vacancy rates for rentals are at record lows, and prospective tenants are finding theirs is just one of dozens of applications. Key workers are struggling to find housing close to where they work – especially in the regions. And many families are getting priced out of the market altogether."*⁶

The Housing Statement announced five key areas to tackle the problem of housing supply and affordability in Victoria over the decade ahead 2024 to 2034:

- Good decisions, made faster: reforming Victoria's planning system to boost housing supply across the state
- Cheaper housing, closer to where you work: making it easier to build more homes, with the best design standards, where Victorians want to live
- Protecting renters' rights: closing loopholes that drive up the cost of living for renters, giving renters more certainty over their leases, living standards and finances and resolving tenancy disputes faster to keep them out of the Victorian Civil Administrative Tribunal (VCAT)
- More social housing: building more social and affordable homes across Victoria
- A long-term housing plan: a plan to manage significant population growth over the years ahead.

Initiatives announced by the Government included a commitment to introduce mandatory training and licensing for the four key professions in Victoria's property industry:

*"Every real estate transaction involves significant financial investments and legal complexities, and renters often rely on agents to provide accurate information and advice. We'll introduce mandatory continuing professional development for real estate industry professionals – including agents, property managers, conveyancers and OC managers. It'll mean better skills for real estate workers, encourage ethical conduct across the industry, and give renters the peace of mind they deserve."*⁷

The reform is also strategically aligned to other commitments the Victorian Government has made to improve outcomes for renters. This includes reforms announced in October 2024, including capping

⁶ Victorian Government (2023), *Victoria's Housing Statement*, accessed at: <https://www.vic.gov.au/housing-statement>

⁷ Ibid, p.28.

the cost of breaking a rental agreement⁸, and the Government's commitment to an integrated approach to the primary prevention of family violence.

1.1.1 Legislative reforms for mandatory training and registration

The *Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025* (Housing Statement Reform Act), which received Royal Assent in March 2025, delivered on the Government policy commitment by introducing:

- A registration scheme for agents' representatives under the Estate Agents Act 1980 (EA Act)
- Registration requirements for officers in effective control (OIECs) of Owners Corporation (OC) management companies
- Regulation-making powers to prescribe continuing professional development (CPD) for estate agents and agents' representatives under the EA Act
- Regulation-making powers to prescribe initial education and CPD requirements for natural persons registered as OC managers (e.g. sole traders) and OIECs of OC management companies under the Owners Corporation Act (OC Act)

Powers to prescribe CPD for conveyancers already exist under s46 of the *Conveyancers Act 2006* (CA Act). The Housing Statement Reform Act refined these powers to align with the powers introduced into the EA Act and OC Act.

Whilst these powers are in legislation, additional regulations are required to operationalise the powers to function as intended.

1.1.2 Scope of this RIS

This RIS considers options to prescribe in regulations:

- CPD requirements for estate agents and agents' representatives under the Estate Agents (Education) Regulations 2020
- CPD requirements for conveyancers under the Conveyancers (Qualifications and Experience) Regulations 2018
- Initial education and CPD requirements for natural persons registered as OC managers and OIECs of OC management companies under new Owners Corporations (Education) Regulations 2026

Additionally, the RIS considers options for recovering the Department of Government Services' total costs associated with administering the licensing and registration schemes for each profession.

⁸ Victorian Government (2024), <https://www.premier.vic.gov.au/more-rights-mean-more-respect-every-renter>.

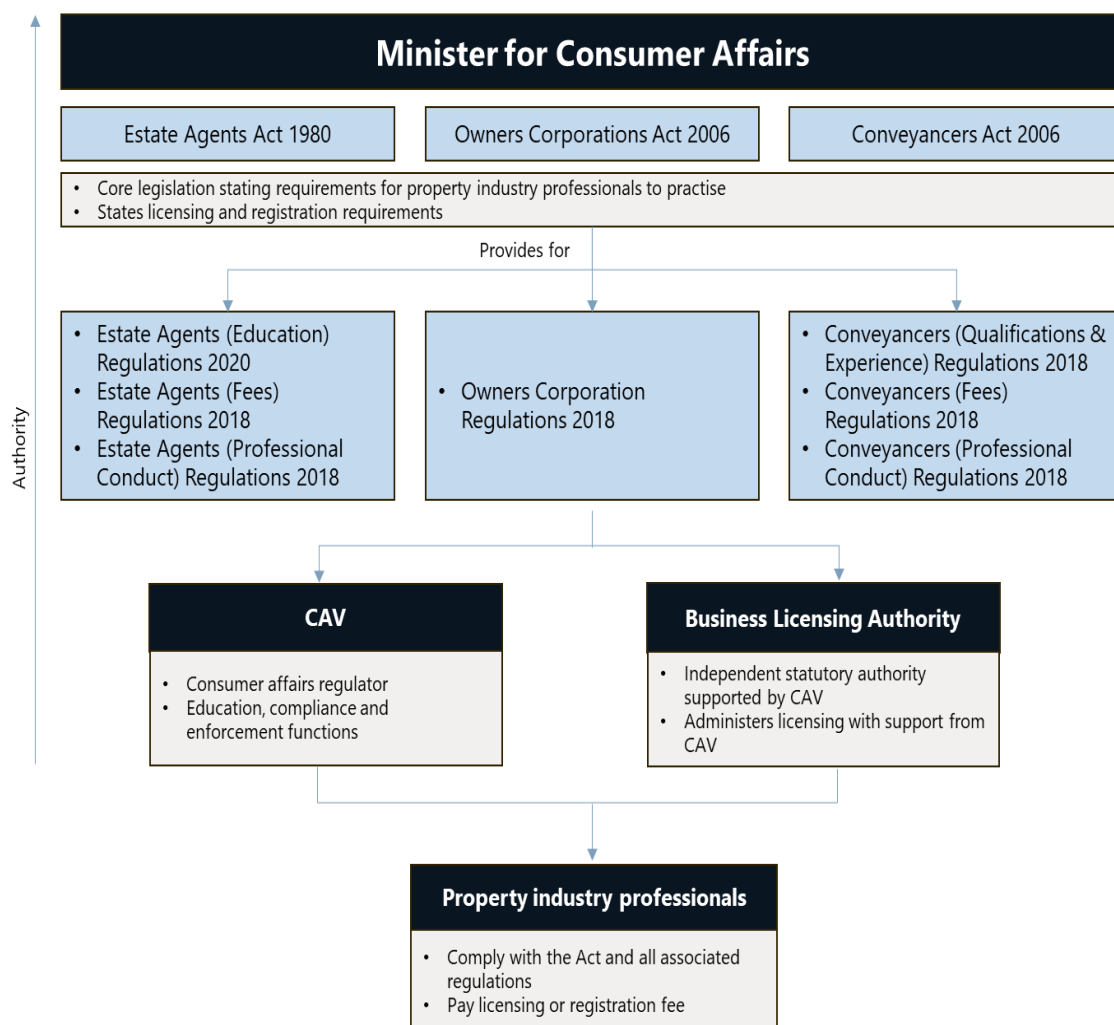
1.2 The current legislative framework for property industry professions in Victoria

The Minister for Consumer Affairs is responsible for legislation that regulates occupations in the property industry. Estate agents and agents' representatives are regulated under the EA Act and associated regulations; conveyancers are under the CA Act and associated regulations; and OC managers are regulated under the OC Act and its regulations.

Consumer Affairs Victoria (CAV) is Victoria's consumer affairs regulator operating within the Department of Government Services. CAV has education, compliance and enforcement functions in the property industry. CAV supports the Business Licensing Authority (BLA), which is an independent regulator within the Victorian Government's Consumer Affairs portfolio (established under the *Business Licensing Authority Act 1998*), in the licensing of professionals.

An overview of the regulatory framework for each profession is outlined below.

Figure 1 Overview of regulatory framework



1.2.1 Estate agents

Estate agents are persons who act on behalf of property owners to arrange and negotiate the sale or lease of property, or who act on behalf of buyers to negotiate the purchase of property. An estate agent's role in selling a property can include conducting auctions. Estate agents can also provide market appraisals, collect rent, and manage rentals, and operate an estate agency business. The occupation of estate agent also covers business brokers and stock and station agents, who act on behalf of clients to buy and sell rural property, livestock, and crops.

The EA Act is the primary legislation providing for the regulation of estate agents and agents' representatives. It requires individual estate agents or estate agent corporations to hold a licence to practice⁹. To be licensed, the prospective estate agent must:

- Be at least 18 years of age.
- Have completed a course prescribed under the Estate Agents (Education) Regulations 2020, in the past five years including the following qualifications:¹⁰
 - Certificate IV in Real Estate Practice, and
 - Diploma of Property (Agency Management), or
 - Depending on when the qualification was completed, any other previously prescribed qualification.¹¹
- Have been employed as an agents' representative for at least one year (in aggregate) in the three years before submitting the application
- Not have been convicted, or found guilty of a specified offence punishable by more than three months imprisonment, in the last 10 years
- Not be insolvent under administration
- Not be a represented person under the *Guardianship and Administration Act 2019*
- Not be the cause of a successful claim against the Victorian Property Fund (or a corresponding fund)
- Not be subject to an order by any regulatory body disqualifying them from acting as an agent's representative¹²

Prospective estate agents must apply to the BLA (via the myCAV portal) to obtain their licence by submitting evidence demonstrating compliance with the requirements and paying the relevant fees. The Estate Agents (Fees) Regulations 2018 prescribe licensing fees payable by estate agents to the BLA to recover the costs of administering the licensing regime for estate agents.¹³

1.2.2 Agents' representatives

Agents' representatives are individuals employed to assist a licensed estate agent with their functions, including sales and property management (in this RIS, services in relation to rental properties delivered by estate agents and agents' representatives are referred to as property management

⁹ Estate agent corporations require a licensed estate agent to be in charge of its estate agency business.

¹⁰ Courses completed more than five years ago and previous experience in the industry are also considered.

¹¹ Consumer Affairs Victoria (2024), *Apply for an estate agent's licence - individual*, accessed at: <https://www.consumer.vic.gov.au/licensing-and-registration/estate-agents/licensing/apply-for-a-licence/individual>.

¹² EA Act, sections 14.

¹³ The BLA is an independent regulator within Consumer Affairs Victoria.

services). With written approval¹⁴, agents' representatives can perform their estate agent's legal functions, for example, acting as a salesperson or property manager. However, they cannot operate an estate agency business. In practice, a large percentage of the day-to-day work conducted by Victorian estate agent businesses in relation to rental properties would be undertaken by agents' representatives as employees of the business.

The EA Act states eligibility criteria for agents' representatives to be employed by (or act for) a licensed agent. Under the Act, agents' representatives can be employed by (or act for) a licensed agent and with written authority, can perform any of the legal functions of that estate agent. Currently, agents' representatives do not need to apply to the BLA to work as an agent's representative. Instead their employer (i.e. a licenced estate agent) is required to verify that the agents' representative is eligible to be an agents' representative and notify the BLA when the agents' representative starts work. For this reason, to date, agents' representatives have not incurred any BLA registration fees. From 25 November 2026, agents' representatives will need to register with the BLA. Under the registration scheme, the BLA will check the eligibility of agents' representatives against the eligibility requirements in the EA Act. The eligibility requirements will remain the same.

Eligibility criteria for agents' representatives are similar to estate agents but exclude the experience requirement (i.e. one year) and have a lower initial education requirement. Agents' representatives are required to have completed, in the last five years, one of either a Certificate IV in Real Estate Practice or, depending on the when the qualification was completed, any of the previously prescribed courses.^{15 16} There is no requirement for agents' representatives to complete a Diploma of Property, which is the key difference compared to estate agents. The Diploma qualification is primarily aimed at equipping estate agents with additional skills needed to operate a business.

Estate agents and agents' representatives are not required to undertake CPD. The Housing Statement Reform Act introduces a requirement in the EA Act for estate agents and agents' representatives to comply with CPD requirements and introduces powers to prescribe those requirements in regulations. The requirement in the EA Act to comply with CPD requirements commences on 25 November 2026, however the requirement is not operational until regulations that prescribe those requirements come into effect.

Additionally, the Estate Agents (Professional Conduct) Regulations 2018 prescribe rules of professional conduct for estate agents and agents' representatives. They prescribe that estate agents and agents' representative must (amongst other requirements):

- Have a working knowledge of the law
- Act in accordance with principal's instructions, except if it is contrary to good conduct as an estate agent or agent's representative
- Act in principal's best interests, except if it is unlawful, unreasonable, improper or contrary to do so

¹⁴ Under the EA Act, see section 47.

¹⁵ Courses completed more than five years ago and previous experience in the industry are also considered.

¹⁶ Consumer Affairs Victoria (2024), *Agents' representatives*, accessed at: <https://www.consumer.vic.gov.au/licensing-and-registration/estate-agents/agents-representatives>

There are currently 12,819 individual estate agent licences and 4,501 company estate agent licences held in Victoria. There are currently 15,406 agents' representatives on the BLA register.¹⁷

1.2.3 OC managers

OC managers¹⁸ are appointed by owners corporations to carry out their functions in managing and administering the common property. Common property includes a subdivision's land, buildings, and airspace that are not lots on the plan. It can include gardens, passages, walls, pathways, stairs, lifts etc. Examples of the functions a manager may perform include organising maintenance and repairs, collecting fees, arranging and paying insurance and other invoices, conducting annual meetings, and record keeping.

The OC Act provides for the management, powers and functions of owners corporations and to provide for appropriate mechanisms for the resolution of disputes relating to owners corporations. The legislation and regulation largely focuses on managing the financial and governance arrangements between owners and OC managers. It does not include provisions relating to liveability for residents who are not lot owners, such as renters.

The BLA administers the registration scheme for OC managers, ensuring compliance with the criteria, and charges OC managers fees for registration.

Section 178 of the OC Act requires any person or company carrying out any function as the manager of an OC for a fee or reward to be registered. To be registered as an OC manager, a natural person or, if the applicant is a company, a Director of that company must:

- Be at least 18 years of age
- Hold professional indemnity insurance of \$2 million¹⁹
- Not have been convicted, or found guilty of an offence punishable by more than three years imprisonment, in the last 10 years
- Not be insolvent under administration
- Not a represented person under the *Guardianship and Administration Act 2019*.^{20 21}

In practice, only companies and a limited number of natural persons, such as sole traders and those who manage an OC either as a lot owner or as part of a retirement village, are required to register. Registration requirements do not currently apply to individual employees²² of an OC management company. The Housing Statement Reform Act amends section 178 of the Act to require that, from 30 June 2027, registered OC management companies must appoint an OIEC and the OIEC must apply to register with the BLA.

¹⁷ Consumer Affairs Victoria data for FY25, supplied in August 2025.

¹⁸ An owners corporations is defined as a "body corporate that is incorporated by registration of a plan of subdivision or a plan of strata or cluster subdivision". Owners corporations are established automatically when a subdivision containing common property is registered at Land Use Victoria. If an individual purchases property affected by an owners corporation, they become a member of the owners corporation automatically. Members have legal and financial responsibilities to their owners corporation. In return, the owners corporation is required to - among other things - manage, repair, and maintain the common property as well as hold insurance.

¹⁹ OC Act, section 10.

²⁰ OC Act, sections 179 and 180.

²¹ BLA can approve registrations for individuals that do not meet eligibility criteria under section 182A of the OC Act.

²² Or similar arrangements such as contractors.

The Housing Statement Reform Act also introduces a requirement in the OC Act for natural persons and OIECs to complete initial education in order to register and a requirement for natural persons registered as OC managers or registered OIECs to comply with CPD requirements.

There are currently 579 Company OC Managers registered and 70 individual OC managers registered.²³

1.2.4 Conveyancers

Conveyancing is the transfer of ownership of a property from a seller to a buyer. The buyer and seller typically engage a legal practitioner or conveyancer to handle this process.²⁴

Under the CA Act, conveyancing work means legal work carried out in connection with any transaction that creates, varies, transfers, conveys or extinguishes a legal or equitable interest in any real or personal property

For example, the role of a conveyancer or legal practitioner engaged by a person who is buying or selling a house includes preparing and reviewing legal documents to facilitate the transaction, conduct title searches, calculate adjustments of rates and taxes, and arrange settlement.

The scope of this RIS is limited to conveyancers licensed under the CA Act and does not include legal practitioners, who are regulated by the Victorian Legal Services Board.

In Victoria, conveyancing work by persons other than Australian legal practitioners is regulated under the CA Act. A person must be licensed to carry on a conveyancing business. A natural person, other than an Australian legal practitioner, is eligible to obtain a licence if he or she:

- Is at least 18 years of age
- Has the competency qualifications and work experience referred to in section 12 of the Act i.e.:
 - has completed an Advanced Diploma of Conveyancing (BSB60220) or an equivalent qualification, as specified in the Conveyancers (Qualifications and Experience) Regulations 2018, and
 - has at least 12 months of full-time conveyancing experience within the last five years under the supervision of a licensed conveyancer or authorised Australian legal practitioner.
- Does not meet the definition of a disqualified person (as per section 5 of the Act)
- Is covered by the professional indemnity insurance (as per section 41 of the Act), which is currently a minimum of \$2 million professional indemnity insurance issued by an approved broker^{25 26}

²³ Consumer Affairs Victoria data, as at 27 March 2024. DGS and SCAV advise that the 51 individual OC managers are mostly likely sole traders or those required to act as an owner's corporation manager in order to perform another role, such as managing a retirement village.

²⁴ Anecdotally, it is rare for buyers and sellers to do the settlement process themselves due to the complexity of requirements and process (including electronic settlements process) and risk of liability.

²⁵ Consumer Affairs Victoria. (2025, January). [Apply for a conveyancer's licence - individual](#)

²⁶ Conveyancers Professional Indemnity Insurance Order.

- Has paid the prescribed application fee and the prescribed licence fee detailed in the Conveyancers (Fees) Regulations 2018.

A company (other than an incorporated legal practice), is eligible to obtain a licence if:

- At least one of its directors is a licensee
- None of the directors are a disqualified person
- The company holds appropriate professional indemnity insurance
- It has paid the prescribed fees.

Employees undertaking conveyancing work within a business operated by a licensed conveyancer (or a legal practitioner) do not require a licence.

Part 4 of the Act sets requirements on conduct and management of conveyancing businesses. This includes new section 46, which was introduced via the Housing Statement Reform Act and commences on 25 November 2026. New section 46 requires licensed conveyancers to comply with CPD requirements. New section 188(2)(a) authorises regulations to be made that prescribe CPD requirements.

Licence applications are lodged online via the myCAV system where applicants attach all required documents (like identity documents, proof of eligibility etc.) and pay required fees. The BLA assesses and grants licence applications and renewals for the occupation, and maintains a public register of licenced conveyancers.

There are currently 1,260 licenced conveyancers in Victoria of which 871 are natural persons and 389 are corporations.²⁷

1.3 Recent regulatory reform in Victoria's property sector

The Victorian Government's Housing Statement commitments build on significant regulatory reforms undertaken by the Government that are aimed at strengthening consumer protections in the rental and housing sector.

The volume of significant reforms in the housing sector, in addition to current reform programs through the Housing Statement, add increasing compliance requirements to the work of property industry professionals. Combined with developments in industry practice and technology, this makes it important for the industry to maintain up to date knowledge of regulatory requirements and industry best practice.

Estate agents

Victorian residential tenancies laws were strengthened in 2021 to expand and protect renters' rights, including:

²⁷ Consumer Affairs Victoria data, as at 27 March 2024.

- A ban on estate agents or landlords soliciting or encouraging higher offers than the advertised price of a rental property
- New rental minimum standards
- No eviction without a reason
- Allowable modifications by renters
- Better processes for addressing urgent repairs.²⁸

In 2020, the Government established significant increases to standards of competency for estate agents and agents' representatives. The changes drew on a new property services training package for the real estate industry that was developed following a national review. The new regulations amended the courses of instruction a person must complete to be eligible for an estate agent's licence, eligibility requirements to be employed as an agent's representative, and exemptions from the prescribed requirements.²⁹

These reforms followed reforms to the EA Act introduced in 2016 in relation to the conduct and responsibilities of estate agents in relation to property sales. To improve the accuracy and accessibility of price information being provided by estate agents to prospective purchasers, the 2016 amendments introduced obligations relating to:

- The determination of an estimated selling price, including the use of comparable sales
- The introduction of a Statement of Information for prospective purchasers
- Price advertising
- Increased penalties for underquoting.

OC managers

Significant legislative reforms for owners corporations in recent years include:

- In February 2019, changes to the OC Act gave owners corporations greater powers to deal with unruly short-stay guests and for VCAT to order compensation and impose penalties on individual occupants of short-stay accommodation in relation to their conduct.
- Reforms to the OC Act in 2021 strengthened arrangements relating to the establishment, operation, functions, and powers of OCs in Victoria, including: appointment conditions for OC managers, increased developers' responsibilities for OCs they create, and a new five-tiered system that set different accountability requirements for OCs depending on their size and nature.

Conveyancers

Key Victorian regulatory reforms relating to licensed conveyancers introduced in 2018 strengthened licensing, qualifications and education, professional conduct, and trust account management requirements.

At the federal level, the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* passed the Parliament on 29 November 2024 and introduces new obligations for higher-risk services (including conveyancing, amongst other professions) which will come into effect in 2026. The new

²⁸ 2021 Victorian rental laws changes, <https://www.consumer.vic.gov.au/housing/renting/2021-victorian-rental-laws-changes>.

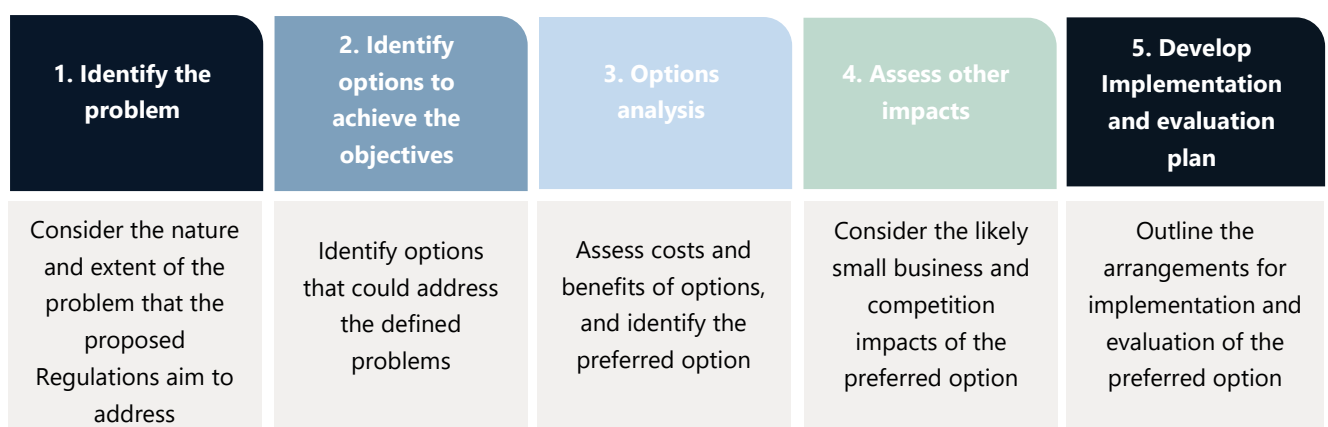
²⁹ Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024, Explanatory Memorandum.

regime establishes a regulatory framework for combatting money laundering, terrorism financing and other serious financial crimes.³⁰

1.4 About this RIS

The Department of Government Services engaged Sapere Research Group to prepare this RIS in accordance with the Victorian Department of Treasury and Finance’s Victorian Guide to Regulation and the *Subordinate Legislation Act 1994* (SL Act). Under section 7 of the SL Act, a RIS is required for proposed amendments to existing regulations that are likely to impose a significant burden on the community.³¹ Figure 2 presents a summary of the RIS process undertaken.

Figure 2 Summary of RIS process



Stakeholder consultation was undertaken to support the RIS analysis and is included in Appendix A.

1.4.1 Public comment

The proposed Regulations and this RIS will be released for 28 days to provide businesses, members of the public and other interested parties the opportunity to provide feedback. Property industry stakeholders, other interested parties and members of the public are invited to make submissions responding to the proposed Regulations and/or the RIS. The proposed Regulations and RIS can be accessed via Engage Victoria’s website at <https://engage.vic.gov.au/education-and-fees-regulations-for-property-industry-professionals>

At the conclusion of the public comment period, the Department will review and consider each submission and take account of the feedback on both the proposed Regulations and the RIS in finalising the Regulations. The Department will prepare a document, which will discuss the comments provided in response to this RIS and respond to those comments. The Office of Chief Parliamentary Council will review and settle the Regulations, which will then be submitted to the Minister for Consumer Affairs for approval.

³⁰ Parliament of Australia. (2025). [Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024](#)

³¹ Unless there is an exemption under section 8 of the SL Act.

The Minister for Consumer Affairs will publish a Notice of Decision and Statement of Reasons before the Regulations are made. The Notice of Decision and Statement of Reasons will be published on the Engage Victoria website.

2 Housing and property industry context

While not the underlying driver of the problem, declining housing affordability (including for both renters and property buyers) heightens the risks and potential harms of poor services provided by property industry professionals.

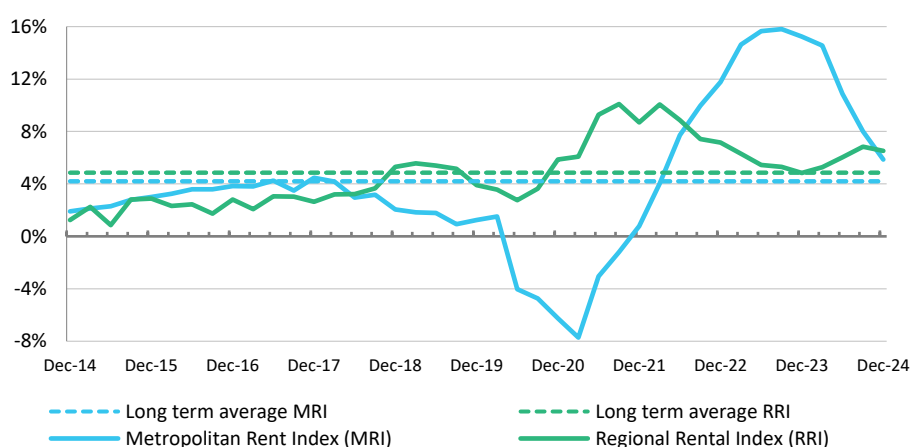
This section provides an overview of relevant context across the rental market, property transactions and strata properties as background to the problem set out in Chapter 3.

2.1 Renting

As home ownership rates have declined, more Victorians are living in rental properties than ever before. Over the past 10 years, rental property numbers in Victoria have increased from 534,519 in March 2014 to 649,978 in December 2024.³² In 1996, 23% of total occupied private dwellings in Victoria were rented, increasing to 28% in 2016 and 29% in 2021.³³

The rental market in Victoria for the 10 years to December 2024 experienced rent increases averaging over 4% per year for both metropolitan and regional rents, as shown in Figure 3. There was a particular fall followed by a spike through the COVID health pandemic. Rent increases have outpaced wage increases which have averaged approximately 2.5% over the same 10 year period.³⁴

Figure 3 Metropolitan Rent Index and Regional Rent Index - annual percentage change



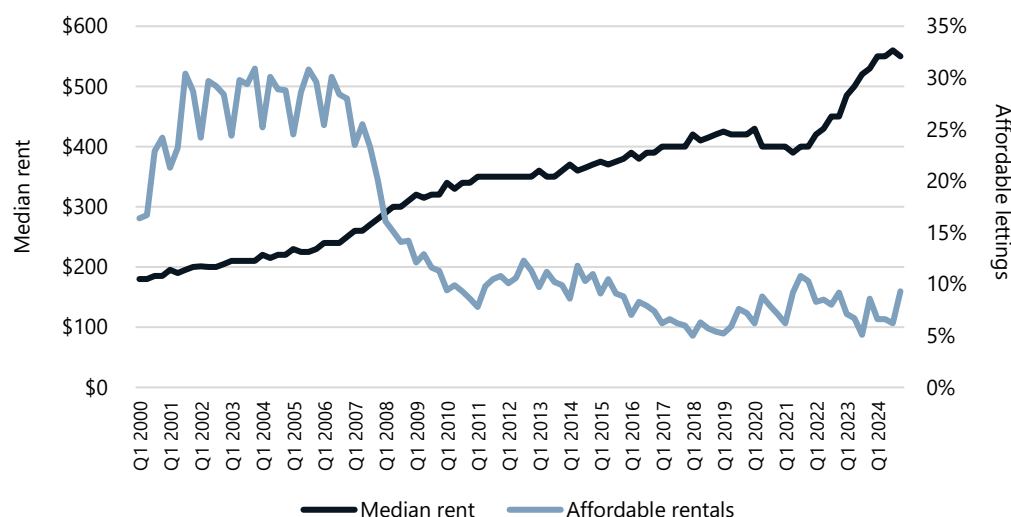
³² Department of Families, Fairness and Housing, *December quarter 2023 Rental Report*, Tables from Rental Report – December quarter 2024, Active bonds data. The number of active bonds provides an indicator of the total stock of rental accommodation.

³³ Calculated from ABS, Census of Population and Housing: Snapshot of Australia data summary, 2021, Table 20. Tenure type by State and Territory of Enumeration - 1996, 2016 and 2021. Count of occupied private dwellings(a)

³⁴ ABS, 6345.0 Wage Price Index, Australia. Quarterly Index; Total hourly rates of pay excluding bonuses; Victoria; Private and Public; All industries.

Figure 4 shows Melbourne’s median rental prices for all rentals (left hand axis) as well as the per cent of rentals deemed affordable for lower income households (right hand axis). Affordable rentals for this group are the number of rentals requiring less than 30 per cent of the gross income for households receiving Centrelink income³⁵. From 2000, as median rents have increased, affordability for low income households declined - sharply in 2007 and then remaining persistently low on a slight downward trend. This relationship suggests that Melbourne’s rents have outpaced lower income households’ ability to afford them.

Figure 4 Median rent and affordability of rentals for low income households in Melbourne from 2000



Source: Discover Data Victoria^{36 37}

Renters in private rental housing are typically:³⁸

- **Lower income than home owners, and less wealthy:** in 2021, people living in private rental properties were more likely to have a weekly household income of \$1,999 or less compared to people living in homes that were owned (outright or with a mortgage) – 52% compared to 37%.^{39 40} Around 75% of all households in the lowest wealth quintile were private renters in 2019/20.^{41 42}
- **Paying more of their income towards housing:** The median private renter spends around 26% of their weekly income on rent.⁴³ They also spend a larger proportion of their incomes on

³⁵ Relevant Centrelink incomes included Job Seeker and parenting payments.

³⁶ Discover Data Victoria (2024), *Rental Report - Quarterly: Quarterly Median Rents by LGA*, accessed at: <https://discover.data.vic.gov.au/dataset/rental-report-quarterly-quarterly-median-rents-by-lga>

³⁷ Discover Data Victoria (2024), *Rental Report - Quarterly: Affordable Lettings by LGA*, accessed at: <https://discover.data.vic.gov.au/dataset/rental-report-quarterly-affordable-lettings-by-lga>

³⁸ Note unless specified the data used in this section is for Australia as a whole rather than Victoria, due to data availability.

³⁹ ABS, *Census of Population and Housing: Housing data summary, 2021*, Table 6. Tenure type by total household income (weekly).

⁴⁰ As a benchmark, the ABS average weekly earnings for full-time adults November 2023 was \$1,888.80. Source: ABS, *Average Weekly Earnings, Australia, November 2023*.

⁴¹ RBA, Bulletin – March 2023, *Renters, Rent Inflation and Renter Stress*, Nalini Agarwal, Robert Gao and Megan Garner.

⁴² As discussed in the RBA bulletin, this in part reflects that renters tend to be younger than other types of households and so have had less opportunity to accumulate savings over time. However, renters also tend to have lower wealth compared with owner-occupier households even after controlling for age and income.

⁴³ ABS, *New insights into the rental market*, April 2024.

basic living expenses and have less spare cash flow (i.e. income available to spend on discretionary consumption or save) relative to those who have a mortgage.⁴⁴ A research report published by the ACOSS/UNSW Poverty and Inequality Partnership (2025), found that 34% of renters say a 5% rent increase in the next 12 months would be 'difficult' or 'very difficult' to afford.⁴⁵

- **More likely to have moved in the last year than homeowners:** Just under a third (29%) of private renter households had spent less than one year in their current dwelling and 52% had spent less than five years. Owner-occupiers moved less frequently, with 5 per cent reporting less than one year in their current dwelling and 23 per cent less than five years.^{46 47} This is likely a result of both high switching costs for owner-occupiers (e.g., stamp duty) and some demographic factors (e.g. younger people are more mobile but also factors beyond the control of the renter such as notice to vacate, rental increases and inadequate living conditions). The majority of private renters are on short term⁴⁸ leases which contributes to shorter tenure.⁴⁹

Various studies have linked renting and insecure housing to poor health outcomes, for example:

- A systematic review of 47 international articles found that owners and renters under threat of eviction experienced negative mental health outcomes (depression, anxiety, psychological distress, and suicides) at higher rates than those not facing eviction. These outcomes are influenced by gender, age, ethnicity, and geographic location.⁵⁰
- The University of Melbourne's Journey Homes research survey found that people living in rentals, or who experienced housing unaffordability, were generally most at risk of mental ill-health.⁵¹

Analysis using Household Income and Labour Dynamics in Australia (HILDA) Survey found that renters who are in housing stress (defined as spending a large share of income on rent) have a significant decline in self-reported mental health, with those in prior financial hardship being more severely affected.⁵²

⁴⁴ RBA, Bulletin – March 2023, *Renters, Rent Inflation and Renter Stress*, Nalini Agarwal, Robert Gao and Megan Garner.

⁴⁵ Martin, C., Hartley, C., and Pawson, H. (2025), *Rights at risk: rising rents and repercussions. The experience of renting in Australia*, Sydney: Australian Council of Social Service (ACOSS) and UNSW Sydney The survey was conducted online by Qualtrics in November 2024, with a sample of 1,317 participants recruited by Qualtrics.

⁴⁶ <https://www.abs.gov.au/statistics/people/housing/housing-mobility-and-conditions/2019-20>

⁴⁷ The median length of tenancy for bonds refunded in the December quarter 2023 was 22 months for both metropolitan Melbourne and regional Victoria. Source: Homes Victoria, *Homes Victoria Rental Report December quarter 2023*.

⁴⁸ Short term leases are for renters on fixed term agreements for a term of less than 5 years.

⁴⁹ Reserve Bank of Australia (RBA), Bulletin – March 2023, *Renters, Rent Inflation and Renter Stress*, Nalini Agarwal, Robert Gao and Megan Garner.

⁵⁰ Vázquez-Vera, H., Palència, L., Magna, I., Mena, C., Neira, J. and Borrell, C. (2017), *The threat of home eviction and its effects on health through the equity lens: A systematic review*, Social Science and Medicine, vol. 175: 199-208.

⁵¹ AHURI (2019), *Understanding the links between mental health, housing and homelessness*, accessed at:

<https://www.ahuri.edu.au/analysis/brief/understanding-links-between-mental-health-housing-and-homelessness>

⁵² Timothy Ludlow, Jonas Fookien, Christiern Rose, Kam Ki Tang (2022), *Incorporating Financial Hardship in Measuring the Mental Health Impact of Housing Stress*.

2.2 Buying and selling property

Purchasing and/or selling a home is typically the most significant financial decision households make, with housing affordability worsening in recent years. Costs of purchasing a home can be exacerbated by poor practices such as underquoting or poor advice or information disclosure.

Over time, Victorians are spending more of their income on housing. In 2021, 28.6% of people living in rental properties and 15.6% of those living in a house with a mortgage paid more than 30% of household income in rents or mortgage. It's expected that both these figures have increased following increases in the cash rate from May 2022.⁵³ Aside from servicing a mortgage, the threshold to enter the property market has also increased. For instance, ANZ-Core Logic's Housing Affordability Report observes that the number of years to save a 20% deposit on the median valued dwelling (assuming 15% saving on annual income) has increased from 8 years in 2004 to nearly 11 years in 2024.⁵⁴

Buyers and sellers rely on the services of estate agents, agents' representatives and conveyancers throughout through all stages of the buying and selling process; from the listing/property search stage through to the settlement process (noting the role of conveyancers is most relevant to the settlement stage only).

Annual transaction volumes in Victoria's residential property market are growing over time, with 177,000 property settlements (worth almost \$148 billion) in 2024; a 9.2% increase year-on-year.

Conveyancing fees are estimated at between \$800 (simple transaction) and \$2,500 (complex transaction), and real estate fees for selling properties typically around 2% per cent of a sale price⁵⁵. Fees amount to a significant cost for vendors – on a median house price of \$750,000⁵⁶, fees could be around \$16,000.

2.3 Strata properties

An increasing number of Victorians (owner-occupiers and renters) live in a strata property that is under the management of an owners corporation with management delegated to an OC manager.

OC managers control large sums of owners corporation money⁵⁷, handle complex legal and financial responsibilities on behalf of owners, and may make decisions or contribute to decisions that directly

⁵³ Victorian Parliamentary Budget Office. (2023). [Housing, home ownership and renting in Victoria - Submission to the inquiry into the rental and housing affordability crisis in Victoria](#). Figures 16-18

⁵⁴ ANZ CoreLogic Housing Affordability Report, November 2024, p.3.

⁵⁵ Review of various market sources online.

⁵⁶ <https://www.land.vic.gov.au/valuations/valuations-news/2024-guide-to-property-values>

⁵⁷ Strata Corporation Association of Victoria (SCAV) estimates the property portfolio managed by SCAV members across Australia has an estimated replacement value of over \$1.4 trillion, with \$471 billion in Victoria. See <https://inside.strata.community/strata-insights-2024>.

affect property values and living conditions for owners and residents (both owner-occupiers and renters).

Drawing on data and insights prepared by 2022 UNSW City Futures Research Centre for the Strata Community Association:

- In Victoria there are 123,180 owners corporation schemes and 991,331 individual lots⁵⁸
- It is estimated that nearly 20 per cent of Victorians live in a strata property.

The number of people living in strata properties under the management of an OC manager is increasing. From 2016 to 2021, the number of occupied flats or apartments increased by 17.5 per cent compared to an increase of 13 per cent for other dwelling types.⁵⁹ This trend is likely to continue with strong population growth and housing demand, and Victorian Government planning policy encouraging urban density⁶⁰.

The types of issues needing to be managed are also increasing, including requirements of complex buildings and technological change with complex maintenance and regulatory requirements⁶¹

⁵⁸ A lot is a part of land, buildings and airspace on a plan of subdivision that can be separately owned and sold.

⁵⁹ ABS, Census of Population and Housing: Snapshot of Australia data summary, 2021, TABLE 19. DWELLING STRUCTURE(a) BY STATE AND TERRITORY OF ENUMERATION - 2016 AND 2021.

⁶⁰ Victorian Government's *Plan for Victoria*, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/housing>

⁶¹ For example, electric vehicle infrastructure, cladding issues, lifts, basements, air conditioning and heating systems, complex fire safety systems, gyms, pools, saunas, and rooftop gardens each come with their own rules, regulations, maintenance schedules and specialised maintenance and repair requirements. See <https://inside.strata.community/transforming-the-strata-profession-reputation>.

3 Problem definition

This chapter outlines the nature and scale of the problem the proposed Regulations seek to address

Access to safe and affordable housing is an ongoing challenge for many Victorians who are renting, seeking to purchase a home, or managing mortgage repayments.

Property industry professionals – estate agents, agents’ representatives, OC managers and conveyancers – play a significant role across key parts of the housing market and the manner in which they provide services can materially impact outcomes for property renters, buyers, sellers and owners.

While many professionals voluntarily complete education and CPD, not all professionals do so. Inconsistent attainment and standards of education for property professionals increase the risk of harms of poor quality services which impact Victorians renting, buying and selling homes.

3.1 The underlying problem rationale

Poor quality services from property industry professionals can cause harms to participants in the property sector - renters, buyers, sellers, owners. These problems are underpinned by a knowledge and power imbalance between participants and property industry professionals.

3.1.1 Renting

The lifecycle of a rental agreement starts before a renter signs the agreement and continues until after the agreement ends. Where the property owner engages a property manager to manage the day-to-day running of their rental property⁶², the renter will need to deal with the property owner via the property manager (estate agent or agent’s representative) throughout this agreement.

The competency of the property manager plays a key role in how different stages of the rental lifecycle are managed and in how issues are experienced by renters. Table 1 describes typical examples of such issues, noting there are rights and obligations for renters and property managers under the *Residential Tenancies Act 1997* in relation to all of the issues identified.

Poor services provided by property managers may occur because they do not know the residential tenancies requirements, neglect the requirements or because they choose not to follow them.⁶³

Information is not available to isolate the reasons for non-compliance although stakeholders consulted by Sapere indicated that new and complex regulatory requirements, along with poor

⁶² Which is the case in about 70% of cases.

⁶³ In a submission to the Legislative Council Legal and Social Issues Committee Inquiry into the Rental and Housing Affordability Crisis in Victoria (2023), Tenants Victoria said there is a need for better training and that:

“Our service experience over several years has been that there is great inconsistency between the standards of service provided by real estate agents in relation to the renters of the properties they manage. This ranges from reasonable and competent, to simply not knowing the law to behaviours which can be construed as misleading renters.”

knowledge of those requirements, are key contributing factors and that this is a problem that could be addressed through ongoing training (see further discussion in section 3.4).

For the purpose of this RIS it is noted that problems as a result of deliberate non-compliance are unlikely to be addressed by the proposed reforms being considered in this RIS, as additional training is unlikely to address deliberate non-compliance.

Table 1 The rental lifecycle and potential issues for renters

Stage of rental and activity	Issues experienced by renters
1. Starting a new rental agreement: searching, engaging with advertising, rental application process, pre-contractual disclosure by rental provider (e.g. does property have asbestos in it), rental agreement and bond	False advertising on rents/property conditions, rental auctions; discriminatory processes in application process, excessive bond amounts, provision of private information with inadequate guarantees on its management
2. Living in a rental property: how rent is to be paid, rent increases, pets, repairs, modifications and property conditions	Unexpected or excessive rental increases, repairs not undertaken, bond protection
3. Leaving a rental property: notice to vacate, fixed term agreements, cleaning	Illegal evictions, bond claims/difficulty getting bond back

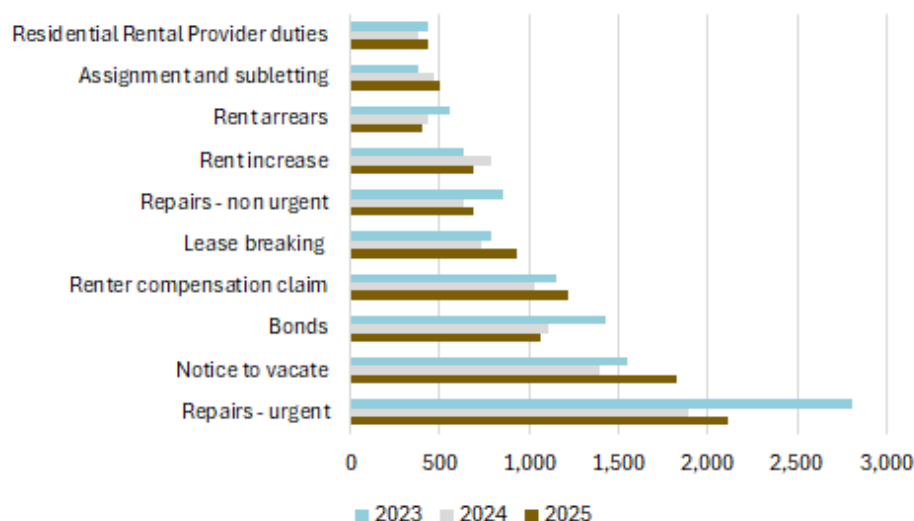
Source: developed by Sapere drawing on various sources

Tenants Victoria is a community group that promotes and protects the rights of renters in Victoria. Through the advice it provides to renters, Tenants Victoria collects data on problems that renters contact it about. **Error! Reference source not found.**Figure 5 shows problems and service data by type of problem for 2023 to 2025, noting:

- The numbers are not indicative of total demand, because resources prohibit Tenants Victoria from responding to all inquiries
- The numbers shown are the top 10 problem types/services for individual renters rather than the total number of problem types/services
- The data set is a single indicator and does not represent the full scale of problems/services that Tenants Victoria responds to/manages.⁶⁴

⁶⁴ Tenants Victoria data, shared with Sapere for this RIS.

Figure 5 Tenants Victoria problem and service data, 2023-2025⁶⁵



Source: Tenants Victoria submission to Consumer Affairs Victoria, accessed [here](#)

Tenants Victoria cites many examples of estate agents' poor behaviour regarding renters, such as:

- Pressuring a renter to sign a new lease by telling the renter that they are required to do so
- Asking a tenant to leave home for an inspection so that they can run a private appointment inspection
- Insisting that a renter that vacated their lease because of 'severe hardship' must pay rent after the expiration of the notice to vacate
- Including a quote for professional cleaning that included a portion for the estate agent's 'commission'
- Advising a renter who recently experienced family violence that they must give 28 days' notice to leave, despite the estate agent knowing that a 14 days' notice period for severe hardship existed.⁶⁶

Underpinning the problem is a knowledge and power imbalance in the relationship between property managers and renters which makes it difficult for renters to understand and enforce their rights. Low vacancy rates have heightened these issues with some renters particularly vulnerable to the costs of moving house and housing security.

Compared to renters, property managers typically have more knowledge of the rental market, property management practices, and relevant regulatory rights and obligations. Even if a renter is knowledgeable, they may lack the power to assert their rights, for example due to concerns about accessing rental housing or keeping the lease. This power imbalance is exacerbated during the current housing supply environment where renters are worried about finding other housing.

⁶⁵ Data provided to Sapere by Tenants Victoria.

⁶⁶ Tenants Victoria submission to Consumer Affairs Victoria, accessed at: <https://www.consumer.vic.gov.au/library/publications/resources-and-education/legislation/public-consultations-and-reviews/consumer-property-law-review-issues-paper-1-submissions/submission--tenants-union-of-victoria.pdf>

ACOSS/UNSW Poverty and Inequality Partnership’s research report survey found that less than half (42%) of renters say they could assert their rights and not worry about adverse consequences. Another 37% say they could raise an issue but would worry about the risk, and 16% say they would be reluctant to raise an issue. 6% would not raise an issue because doing so is too risky. Renters who are unemployed, renters born overseas and long-term renters are least likely to say they could assert their rights and not worry. Renters with disability and renters with low education were most likely to say they would not raise an issue because it would be too risky.⁶⁷

Renters also lack choice when dealing with estate agents or on matters relating to strata properties. A property owner engages an estate agent to meet their needs for their rental (and can also decide to terminate the relationship). Renters must then negotiate terms with the estate agent who acts on behalf of the property owner. However, if the renter is adversely affected by the agent’s behaviour, they cannot choose a different estate agent for their current property. Similarly, if the rented property is in a strata-titled building and the renter is adversely impacted by the decisions of the OC manager (or building manager), there are limited avenues for them to rectify the issue.

3.1.2 Buying and selling property

Property sales involve complex legal documents, disclosure obligations, and compliance requirements (e.g., tax adjustments). Potential issues can arise for buyers and sellers if poor quality service is provided by real estate professionals and conveyancers, as outlined in the table below.

Property industry professionals often possess more knowledge about property values, market conditions and legal obligations, while consumers may lack the expertise to assess this information or identify misleading conduct. This imbalance can result in suboptimal outcomes, such as overpricing, under-disclosure of risks, or poor decision-making by consumers.

Table 2 The property transaction lifecycle and potential issues for buyers and sellers

Stages of property transaction	Issues experienced by Buyers	Issues experienced by Sellers
1. Searching for, or listing a property	Misleading advertising; underquoting / misrepresentation of market value; misleading advice about offers and negotiation; inconvenient or poorly managed inspection times	Poor advice on pricing, timing and marketing strategy; agents prioritising quick sales over best price; poorly organised inspections reducing buyer interest
2. Preparation and provision of all relevant information / documents	Incomplete or inaccurate property information; not receiving all legally required documents (i.e. Section 32) or disclosures (i.e. material facts such as defects, property history)	Inadequate advice on seller obligations; potential liability for association with omissions or misrepresentations provided through agent advertising

⁶⁷ Martin, C., Hartley, C., and Pawson, H. (2025), *Rights at risk: rising rents and repercussions. The experience of renting in Australia*, Sydney: Australian Council of Social Service (ACOSS) and UNSW Sydney. The survey was conducted online by Qualtrics in November 2024, with a sample of 1,317 participants recruited by Qualtrics.

Stages of property transaction	Issues experienced by Buyers	Issues experienced by Sellers
3. Review and advice on contract	Failure to explain complex contract terms; inadequate advice on conditions, special clauses, or risks; overlooked issues (i.e. title)	Failure to review/add special conditions protecting sellers' interest; missed opportunities to negotiate favourable terms
4. Sales process (offers, auctions & deposits)	Confusing auction or offer processes; unclear terms; high-pressure / dishonest tactics; mishandling or disputes over deposits	Poor negotiation strategy affecting sale price; delays in receiving deposit; disputes over entitlement if buyer withdraws
5. Settlement process (transfer of property and funds)	Errors or delays in document finalisation and lodgements; mishandling of funds; poor coordination with relevant parties; settlement falling through due to mistakes	Delays in receiving final payments; legal disputes arising from settlement errors or failures

Source: developed by Sapere drawing on various sources

3.1.3 Strata properties and OC management

Property owners, who are members of an owners corporation, can find it difficult to hold OC managers to account. OC managers typically know more about the legal and administrative aspects of OC management, including for maintenance requirements, budgeting, and complying with governance and regulatory requirements. This information gap represents a knowledge imbalance that favours OC managers and means that lot owners cannot ensure their OC manager works in their best interests.

The experience of residents (owner-occupiers and renters) in strata properties is directly linked to the quality of service provided by an OC manager responsible for management of communal assets and building services. Issues relating to the common property of the property development include:

- Neighbour disputes (behaviour, parking, noise, pets, fences, sharing of communal spaces such as BBQs, pools or gyms)
- Abandoned goods on common property
- Maintenance of common facilities (gardens, lifts, rubbish chutes, laundries, garage doors, building security systems)
- How an owners corporation manages issues such as installation of heating and cooling that require modification of common property (such as split systems) and electric vehicle chargers
- Maintenance and management of shared infrastructure for services provided on a common basis to all occupants (for example, shared hot water boilers, and embedded infrastructure for gas, electricity, or internet services locking occupants into a single supplier).

Owners corporations manage the common property areas. An owners corporation's decision-making is often delegated to OC managers and the OC Act requires all owners corporations that consist of

more than 100 occupiable lots to appoint an OC manager. An owners corporation and its OC manager typically has no direct relationship with residents who are not lot owners, such as renters.

Renters are particularly disadvantaged in this relationship and not able to hold OC managers to account for issues relating to the common property of the buildings in which they live. A renter would typically raise an issue to do with common property with the property manager, who would deal with the property owner, who would then deal with the OC manager, often via the owners corporation. It is reasonable to expect that the larger the strata property (number of lots), the less power a single renter would have.

3.2 Gaps in education and CPD in the industry

Completion of CPD is not mandatory in Victoria across the property industry professions, and initial education is not required for OC managers. While many professionals voluntarily complete education and CPD, inconsistent attainment and standards increase the risk of harms of poor standards.

Many property industry professionals voluntarily undertake education and CPD (often as part of their professional association memberships), although this is not mandatory:

- Real Estate Institute Victoria (REIV) members⁶⁸ who represent roughly 70%⁶⁹ of the Victorian industries estate agents, engage in at least 10 hours of CPD per year as condition of their REIV membership.⁷⁰
- Australian Institute of Conveyancers Victorian Division (AIC Victoria) members who represent roughly half of the Victorian conveyancing industry require their members to participate in 10 hours of CPD per year as a condition of their membership⁷¹
- Strata Community Association of Victoria (SCAV) members who covers about 30% of people working in OC management roles⁷² are required to hold either 4 Core Units of Certificate IV in Strata Community Management or a full Certificate IV (depending on their position) plus undertake 12 CPD activities per annum.⁷³

Many property industry professionals voluntarily choose to develop their skills and knowledge, although a good proportion do not – which varies by profession. Stakeholders suggest it is likely that

⁶⁸ REIV's membership comprises over 2,000 corporate members, over 5,000 real estate professionals, over 2,000 individuals studying towards a qualification in the real estate profession. It is estimated that REIV membership covers between 60-80% of people working in the sector

⁶⁹ Based on information provided by REIV during stakeholder consultation, May 2024. REIV estimate 80 per cent of real estate businesses are REIV members. A lower percentage of individual estate agents and agents' representatives are believed to be members, possibly around 60% (with higher rate of membership for estate agents compared to agents' representatives). REIV provided a view that some estate agents and agents' representatives may perceive themselves to be members if they work for a business that is licensed, even if they are not individual members.

⁷⁰ REIV membership requires real estate agents and agents' representatives to undertake CPD in order to maintain membership. Members must complete a minimum of 10 CPD hours each year. Of the minimum 10 CPD hour requirement, 5 CPD hours must be undertaken with the REIV (including the prescribed REIV Ethics Module for the year) and 5 CPD hours may be accumulated through relevant activities undertaken outside the REIV. The REIV provides a [CPD Hours Table](#) which outlines CPD approved activity.

⁷¹ Australian Institute of Conveyancers. (2025). [Membership process](#)

⁷² 2020 National Strata Insights Report.

⁷³ SCA website, <https://www.stratacommunity/accreditation>

those individuals who most need improvements in competency are the least likely to be attracted to industry membership and voluntary CPD programs, although there is no evidence, apart from anecdotal, to verify this. CPD programs, education attainment and competency standards are inconsistent across the sector. This increases the risk of poor-quality services and risk of harms to consumers in the sector.

3.3 Harms that can result from poor quality services

Poor performance of property industry professionals can cause financial, health (physical and mental), and social harms. For example, a renter living in unsafe conditions or facing large costs that are not necessary, or poor advice resulting in financial costs to property owners.

Table 3 describes a range of harms that may arise from poor conduct by property industry professionals. While it is difficult to distinguish the specific impacts of poor conduct by property industry professionals from the decisions of rental providers or other external factors, or to identify the underlying reasons for poor standards, these harms provide an indication of the potential impacts that may occur.

Table 3 Harms that may arise

Impact	Outcome	Harm
Estate agents and agents’ representatives		
Breach of renters’ rights under the EA Act	Houses not maintained in a fit and suitable condition	Health and wellbeing impacts e.g. health and safety impacts of mould, broken toilet, roof leaks etc. It is reported that 29% of private renters report facing repair delays after they have raised an issue with a landlord. This number increases to 33% for managed properties. ⁷⁴
	Renters accept unfavourable lease terms	Financial cost such as higher rentals Health and wellbeing
	Complaints and disputes between renter and estate agents and agents’ representatives	Financial cost and time taken to resolve disputes Health and wellbeing Government investigation and enforcement costs
	Renters involuntarily leave tenancy	Financial costs - Renters face significant financial costs from moving house, noting while most moves are voluntary, about 20% are forced. The basic cost for renting households to shift rentals can range from \$2,000 at the lower end to over \$5,000 for a 3 bedroom house in the capital cities. ⁷⁵ ⁷⁶ Taking a mid-point of \$3,500, a forced move could represent a more than 10% increase in the spending on housing, using Victoria’s

⁷⁴ Longview and PEXA, Private renting in Australia – a broken system Whitepaper 2, March 2023.
⁷⁵ Tenants Union of New South Wales (2022), *The true cost of eviction*, accessed at: <https://www.tenants.org.au/blog/true-cost-eviction>
⁷⁶ Longview and PEXA, Private renting in Australia – a broken system Whitepaper 2, March 2023.

Impact	Outcome	Harm
		median weekly rent for the December 2023 quarter as a benchmark. ⁷⁷
		Health and wellbeing – moving involuntarily can be disruptive particularly for low-income households, families with children who have to change schools etc and can also heighten the risk of homelessness
	Inadequate private information management	Financial cost if information is accessed by unauthorised parties (i.e. privacy breach)
		Discrimination and unfair screening
Poor industry reputation	Complaints and disputes between renter and estate agents and agents' representatives	Time searching for better agents or OC managers Fewer transactions occurring
Estate agents prioritise selling fast over maximising selling price	Lack of trust in real estate professions	Financial cost to property owners
Breach of buyers and sellers rights under legislation	Not providing accurate information	Financial cost to potential buyers
	Mishandling of trust money	Financial cost and time taken to resolve disputes
OC managers		
Poor quality OC management	Neglect maintenance of OC infrastructure	Health and wellbeing of property owners and renters Financial cost resulting from market devaluation of strata buildings
	Complaints and disputes between OC managers and property owners, and between residents, not managed well	Financial cost and time taken to resolve disputes Health and wellbeing of property owners and renters Government investigation and enforcement
Conveyancers		
Not acting in the clients' best interests	Inadequate due diligence and advise	Financial cost and time taken to resolve disputes Health and wellbeing of buyers and sellers
	Mishandling of funds	Financial cost and time taken to resolve disputes Lost opportunities if delays or unethical behaviour holds up the settlement

⁷⁷ December quarter 2023 Rental Report.

3.3.1 Compliance and enforcement data

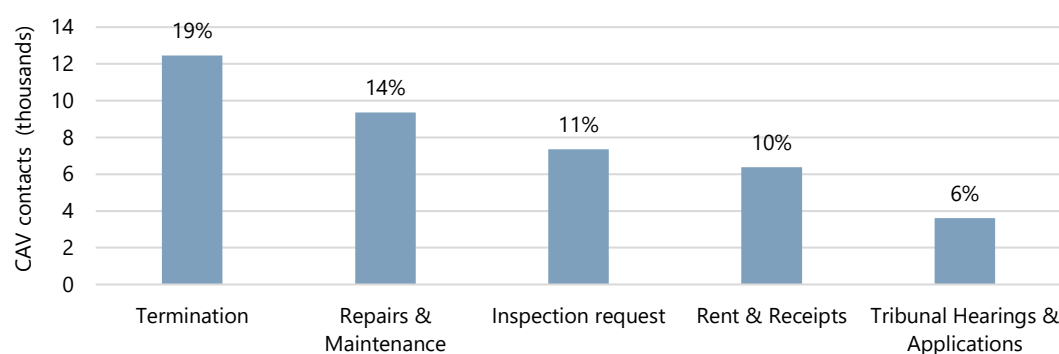
This section presents various data sources to illustrate the extent to which the problem is reflected in data on enquiries, complaints and VCAT data. It is noted that no data is available on conveyancers.

3.3.1.1 CAV data

Residential tenancies

CAV receives enquiries and complaints regarding residential tenancies. CAV received 66,231 contacts in 2023-24 which, given there are 649,978 rental properties in Victoria, is a ratio of more than one contact to CAV for every 10 rental properties.⁷⁸ The top 5 renting issues that CAV was contacted about in 2022/23 are shown in Figure 6 with termination (19%) being the most common reason for contacting CAV.⁷⁹

Figure 6 Top five reasons for renters' contact with CAV in 2022-2023



Note: Enquiries and complaints may be made by property owners, property managers or renters. Data is not available on the split between different parties making the contact.

In its 2022-23 Annual Report, CAV reported that in 2022-23 it received more than 5,400 requests for reviews of rent increases. CAV noted this was a greater than 120% increase on 2021-22 and said that it reflects the current challenges in the rental market.⁸⁰ This trend continued to increase in 2023-24 with 7,469 rent review requests, up 37%.⁸¹

Property transactions

There were 4,514 CAV contacts in 2022-23 that related to issues with estate agents, which equates to 7% of all contacts. Of these, underquoting in relation to property sales was by far the most prominent, accounting for 37% of these contacts. Underquoting was followed by misleading/deceptive contact (6%) and unsatisfactory or defective services (4%).

In 2022-23, CAV received 1,677 contacts concerning underquoting. From these complaints, CAV identified 135 estate agencies suspected of breaching underquoting laws. CAV issued 48 infringements (totalling more than \$520,000) and 37 official warnings to 29 estate agents for

⁷⁸ Noting some contacts would be made by the same individual relating to the same issue or query i.e. the number of contacts does not necessarily translate to the number of separate issues or queries.

⁷⁹ The percentages do not sum to 100 because only the top five reasons for contact are shown.

⁸⁰ CAV Annual Report 2022-23.

⁸¹ CAV Annual Report, p.5.

underquoting, with several matters under ongoing review or investigation for possible further action.⁸² In 2023-24, 89 infringements and 128 official warnings, totalling \$1,001,720 in fines, were issued for underquoting.⁸³

CAV data for 2024/25 suggests underquoting remains the most prominent issue for CAV concerning estate agents, and that on a per practitioner basis, estate agents account for more issues than conveyancers. The most prominent issue for CAV concerning conveyancers is enquiries on general requirements.

Owners corporations

CAV operates a contact service in relation to consumer protections regarding owners corporations and retirement villages⁸⁴. For owners corporations, CAV has only recently reopened its full service contact centre following its closure in 2021 when a permanent service adjustment was made to the service level provided. Since this adjustment, the contact service is only available to callers seeking information regarding retirement villages except for limited exceptions. Owners corporation queries can instead be submitted via the complaint form on the CAV website. In the vast majority of cases, a templated response is provided. The most recent financial year that was not affected by any service adjustments (due to the service adjustment or Covid) was 2018-19, when approximately 7,986 calls were recorded. This number of calls covered contacts made in relation to both owners corporation and retirement villages.

Updated data from CAV suggests that in 2024/25, the most prominent issue reported was disputes concerning owners' corporations.

3.3.1.2 Victorian Civil and Administrative Tribunal data

VCAT, which is established under the *Victoria Civil and Administrative Act 1998*, resolves legal disputes and cases in Victoria. VCAT's functions include matters relating to the *Residential Tenancies Act 1997*⁸⁵ and the OC Act⁸⁶.

Residential tenancies

VCAT's Residential Tenancies Division covers matters involving all residential tenants, including public housing, rooming houses, caravan parks, and specialist disability accommodation that have additional specific regulation.⁸⁷ ⁸⁸ In 2023/24, it accounted for 60% (51,092 of 79,386) of VCAT's new applications for the year.⁸⁹ 51,092 applications was up from 45,683 applications in 2022/23, a nearly 12% increase. Applications can be made by both rental providers and renters. In 2022/23 the top three reasons for

⁸² CAV Annual Report 2022-23, p.13.

⁸³ CAV Annual Report, 2024, p.6.

⁸⁴ Relevant legislation for retirement villages is the *Retirement Villages Act 1986*.

⁸⁵ A very small number of cases on the VCAT Residential Tenancies List are enabled under *Victorian Civil and Administrative Tribunal Act 1998*, Australian Consumer Law and the *Fair Trading Act 2012* and other enabling enactments.

⁸⁶ A very small number of cases on the VCAT Owners Corporation List are enabled under Australian Consumer Law and the Fair Trading Act 2012 and other enabling enactments.

⁸⁷ Disputes that can be brought to VCAT include: unpaid rent; problems with claiming the bond after a tenancy or residency ends; repairs, maintenance, damages or changes to the property the renter (tenant) wants to make; pets and renting; excessive rent increases; and possession orders.

⁸⁸ VCAT, <https://www.vcat.vic.gov.au/case-types/residential-tenancies/apply-residential-tenancies>.

⁸⁹ VCAT (2024), *Annual Report 2023-24*.

applications included rent arrears (29%), urgent repairs (5%), and requiring payment of compensation (5%). Renters accounted for about 7,500 cases (about 16%) and residential rental providers (landlords) for over 25,000 cases (over half of cases) (Figure 7). 74% of all cases initiated at VCAT proceed to a hearing.⁹⁰

Figure 7 VCAT applications by applicant type – Residential Tenancies Division, 2022-23⁹¹

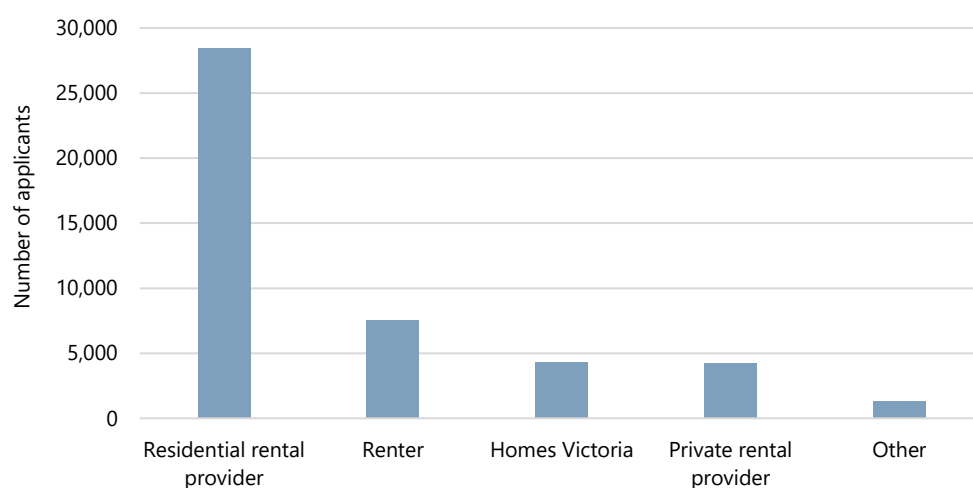


Table 4 shows VCAT Residential Tenancies list applications since 2015-16. Over time, there has been a declining trend in the total number of applications made (with 2023-24 reversing this trend), however, this is not consistent across applicant types. Since 2015-16, the number of applications by renters has been increasing, which is likely to be related to a number of factors including increasing number of households renting and residential tenancies reforms (i.e. this could be driving renters, at least in the short term as the sector transitions to new requirements, to pursue claims as a result of strengthened rights). The overall decrease is driven by declines in applications brought by the Director of Housing (which makes up about 20% of the list) and landlords (which makes up about 75% of the list).

Table 4 Residential Tenancies Division Applications, 2015-15 to 2022-23

Problem	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total number of applications	56,412	54,551	53,212	52,412	49,022	44,685	39,587	45,863	51,092
Number of applications by renter	4,038	5,135	6,049	6,693	6,986	6,936	6,835	7,510	n/a

⁹⁰ VCAT (2023), *Annual report 2022-23*.

⁹¹ VCAT data.

Owners corporations

The Owners Corporation List comes under VCAT's Civil Division. It covers disputes involving Victoria's owners corporations.^{92 93 94}

The number of cases lodged has varied over the years from a high of 3,455 in 2019-2020 to lower numbers in 2022-23 and 2023-24.⁹⁵ VCAT annual reports indicate a number of reasons for this variation across years, including changes to laws (a key one being in relation to cases relating to fee collection from lot owners) through to impacts of the COVID-19 pandemic. The 2020-21 annual report notes a substantial drop of initiated cases largely attributable to the effects of the pandemic. The 2022-23 VCAT annual report notes a reduction in the number of these fee recovery applications driving the total drop in cases initiated in 2022-23.

In regard to the role of OC managers, SCAV noted during consultation that while most cases going through to VCAT (and complaints to CAV) are not directly related to the actions of OC managers⁹⁶, the competency of OC managers does have an impact. It noted many disputes could have been de-escalated more quickly if there were minimum standards of education for all strata managers, for example on how to address building defects.

96% of the 1,662 cases in 2023-2024 were for claims less than \$15,000.⁹⁷ Historically, most cases taken to VCAT have been in relation to disputes over payment of fees, which are not relevant to the scope of this RIS.

Table 5 Owners Corporation Division Applications, 2015-16 to 2022-23 (VCAT annual reports)

Problem	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Number of applications	3,156	3,126	2,763	3,245	3,455	2,665	2,263	1,642	1,662

⁹² The disputes that can be brought to VCAT include: unpaid owners corporation fees; owners corporation financial management and record keeping; owners corporation management fees, performance and management contracts; repairs and maintenance of lots and common property; neighbourhood disputes affecting service companies, company title corporations or unit owners; short stay accommodation disputes; when a lot owner breaks the owners corporation rules; some fees for maintenance of common facilities shared by lot owners; changes to a plan of subdivision; disposal of abandoned goods on common property; stop someone immediately from doing something or make them to do something immediately (interim injunction).

⁹³ VCAT, <https://www.vcat.vic.gov.au/case-types/owners-corporations/apply-owners-corporations>.

⁹⁴ Disputes that can't be brought to VCAT are calculating the amount owing of owners corporation fees, disputes about the management of service companies or company titles corporations, recovery of owners corporation fees if the fee notices weren't given following the law, short-stay accommodation disputes if the properties involved are not part of an owners corporation, short-stay accommodation disputes if the lease or licence is more than 7 days and 6 nights.

⁹⁵ VCAT (2024), Annual Report 2023-24.

⁹⁶ For instance, many may relate to something the owners corporation committee or the owners corporation has failed to do.

⁹⁷ Ibid.

3.4 Stakeholder views on need for better competency standards

This section summarises stakeholder feedback on the problem being addressed

Broadly, stakeholder engagement undertaken on the proposed reforms has indicated:

- There is broad consensus about the problems being addressed in relation to competence of property industry professionals, as long as it is well designed (e.g. in relation to CPD requirements, education providers)
- Stakeholders acknowledge a link between outcomes for consumers and competence of property industry professionals. It is broadly acknowledged that the level of competence of property industry professionals and gaps in education and training can contribute to poor outcomes for renters and property owners/buyers/sellers (along with a range of other contributing factors that are difficult to disentangle).
- An understanding of regulatory requirements is not shared across all industry participants and results in inconsistent quality outcomes, although stakeholders observe there is a lack of clarity in relation to the legislative framework including residential tenancies reforms and different interpretations. One stakeholder noted that some property managers do not have an adequate understanding of residential tenancies requirements such as minimum standards, particularly in light of recent regulatory reforms. Inexperienced property managers are most likely to lack a sufficient working knowledge of regulatory requirements.
- For OC managers, understanding of regulatory requirements and compliance may be lower than for estate agents.
- The nature of the real estate industry, with rapid changes in regulation and growth in the number of people renting and living in apartments, means that ongoing training is needed to keep up with changes and maintain practitioner competence.
- Practicing conveyancers need continuous training on issues such as how to manage a conveyancing file, communication with clients, updates on industry and tax changes, evolving risk management issues in relation to insurance claims.
- Many property industry professionals (particularly estate agents and agents' representatives) already complete ongoing CPD.

4 Objectives of proposed changes

The primary objective of the education reforms being considered is to support the Victorian Government's commitment in the Housing Statement to make renting fairer and safer and to improve outcomes for consumers in the property market by increasing the competence of professionals working as estate agents, agents' representatives, OC managers and conveyancers. In particular, the proposed reforms aim to complement regulatory reforms made in recent years to better protect consumers in the property industry by ensuring that property professionals continue to stay abreast of new reforms and have the skills to promote full compliance.

Other objectives of the education reforms are:

- To reduce the number of disputes between consumers and agents
- To improve efficiency for businesses operating in the industry.

These objectives will need to be balanced with minimising barriers to entering the industry and minimising the administrative burden to government.

The objective of the proposed fee reforms is to support the Victorian Government's pricing principles by recovering the full costs of service provision to promote efficient consumption. This objective will need to be balanced with equity considerations and any potential impacts on incentives to enter the industry.

5 Options

This chapter outlines the options considered for analysis in this RIS. It also describes options considered but not progressed.

5.1 Options development

In undertaking analysis for a RIS it is important to consider different options that could achieve the Victorian Government's objectives. The *Subordinate Legislation Act 1994 Guidelines* (the guidelines), and the Victorian Guide to Regulation recommend that this includes considering a range of approaches, including non-legislative options, approaches in other jurisdictions, and improvements to existing regulatory regimes and regulatory practice.

As part of the process to develop options to implement the Government's commitment in the Housing Statement - "Introduce mandatory training and licensing for real estate agents, property managers, owners corporation managers, and conveyancers" - a range of legislative and non-legislative options were identified and assessed in detail, including licensing and education schemes in other jurisdictions, and self-regulation approaches such as a voluntary code of conduct for industry professions.

This process contributed to the introduction of the Housing Statement Reform Act, which:

- Established a registration scheme for agents' representatives under the *Estate Agents Act 1980* (EA Act)
- Introduced registration requirements for OIECs of OC management companies under the OC Act.
- Introduced regulation-making powers to prescribe CPD for estate agents and agents' representatives under the EA Act
- Introduced regulation-making powers to prescribe initial education and CPD requirements for natural persons registered as OC managers and OIECs of OC management companies.

Powers to prescribe CPD for conveyancers already existed in the CA Act. The Housing Statement Reform Act refined these powers to align with the powers introduced into the EA Act and OC Act. Whilst these powers are in legislation, they are not operationalised until regulations are made prescribing their requirements. Options for estate agents, agents' representatives and conveyancers have been combined as they only consider the introduction of CPD whereas options for OC managers are separately considered as they consider both initial education and CPD.

This RIS considers options to prescribe initial education and CPD requirements for the four property industry professions. It is focused on regulatory options to operationalise the legislative powers, including in relation to:

- The quantity of CPD required to be undertaken
- Balance of mandatory versus elective activities
- Requirements regarding approval of CPD training providers
- Method of assessment of CPD activity undertaken, if any.

The RIS also considers options for recovering the Department's costs of administering the regulatory requirements under each of the Acts.

The remainder of this chapter is structured as follows:

- Section 4.2 - options for CPD requirements for estate agents, agents' representatives and conveyancers
- Section 4.3 - options for initial education and CPD requirements for OC managers
- Section 4.4 - options for initial education and CPD requirements considered but not progressed.
- Section 4.5 – options for cost recovery.

5.2 CPD for estate agents, agents' representatives and conveyancers

This section describes the following options considered for mandatory CPD of estate agents, agents' representatives and conveyancers.

Key differences in design features across options include the number of CPD activities (including the composition of mandatory versus elective activities), whether a learning assessment is required, and whether CPD training providers are automatically approved via a definition in the Regulations or must seek approval from the BLA before offering CPD activities.

- Base Case
 - No change to current regulations i.e., no mandatory CPD requirements. Professionals continue to undertake CPD voluntarily at their current levels.
- Option 1: 2 CPD activities:
 - Amend regulations to require a minimum of 2 CPD activities per year for estate agents, agents' representatives and licenced conveyancers.
 - **Option 1A Less prescriptive CPD requirements:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
 - **Option 1B More prescriptive CPD requirements:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
- Option 2: 5 CPD activities:
 - Amend regulations to include a minimum of 5 CPD activities per year or estate agents, agents' representatives and licenced conveyancers.
 - **Option 2A Less prescriptive CPD requirements:** in relation to mandatory CPD activities, assessment requirements and approval of training providers
 - **Option 2B More prescriptive CPD scheme:** in relation to mandatory CPD activities, assessment requirements and approval of training providers.

Proposed CPD amendments for estate agents and agents' representatives will be made to the Estate Agents (Education) Regulations 2020. Proposed CPD amendments for conveyancers will be made to the Conveyancers (Qualifications and Experience) Regulations 2018.

Table 6 provides detail on Option 1, while Table 7 provides detail on Option 2.

Table 6 Option 1A and 1B for CPD for estate agents, agents' representatives and conveyancers (2 CPD activities)

	Option 1A: 2 CPD activities with less prescriptive CPD requirements	Option 1B: 2 CPD activities with more prescriptive CPD requirements
Minimum CPD activities	2 CPD activities per year	2 CPD activities per year
Mandatory vs elective	1 activity in a mandatory topic Up to 1 activity in an elective topic ⁹⁸	All activities must be in mandatory topics
Method of delivery	Activities must involve direct instruction and include at least one hour of learning	Activities must involve direct instruction, include at least one hour of learning, and an assessment
Training providers	- Automatic approval is given to training providers who are: - Registered training organisations (RTOs) who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can declare that a CPD activity offered by a training provider does not comply with the Regulations and cannot be counted towards minimum annual activities.	- Providers and activities must be approved by the BLA prior to being offered to professionals - Can be provided by RTOs who are: - RTOs who are approved to offer the relevant qualification from the national training package - Prescribed organisations - BLA can revoke approval for any training provider if they do not comply with requirements.

Table 7 Option 2A and 2B for CPD for estate agents, agents' representatives and conveyancers (5 CPD activities)

	Option 2A: 5 CPD activities with less prescriptive CPD requirements	Option 2B: 5 CPD activities with more prescriptive CPD requirements
Minimum CPD activities	5 CPD activities per year	5 CPD activities per year
Mandatory vs elective	2 activities in mandatory topics Up to 3 activities in elective topics	2 activities in mandatory topics Up to 3 activities in elective topics
Method of delivery	Activities must involve direct instruction and include at least one hour of learning	Activities must involve direct instruction, include at least one hour of learning and an assessment
Training providers	- Automatic approval is given to training providers who are: - RTOs who are approved to offer the relevant qualification	- Providers and activities must be approved by the BLA prior to being offered to professionals - Can be provided by RTOs who are:

⁹⁸ Elective CPD topics must be relevant to the person's occupation and demonstrate a clear benefit to consumers

Option 2A: 5 CPD activities with <u>less prescriptive</u> CPD requirements	Option 2B: 5 CPD activities with <u>more</u> <u>prescriptive</u> CPD requirements
- from the national training package ○ Prescribed organisations • Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information • BLA can declare that a CPD activity offered by a training provider does not comply with the Regulations and cannot be counted towards minimum annual activities.	○ RTOs who are approved to offer the relevant qualification from the national training package ○ Prescribed organisations • BLA can revoke approval for any training provider if they do not comply with requirements.

5.3 Initial education and CPD for OC managers

This section details the initial education and CPD options considered for natural persons registered as an OC manager and OIECs of an OC management company that is registered as an OC manager (these individuals will be referred to from this section as 'OC managers').

- Base Case
 - No change to regulatory framework meaning there are no initial education or CPD requirement for OC managers. Professionals continue to undertake initial education and CPD at their current levels.
- Option 1: 3 Certificate IV units plus 2 CPD activities
 - Amend regulations to include new initial education requirements for OC managers of 3 core units from the Certificate IV in Strata Community Management
 - Plus a minimum of 2 CPD activities per year.
- Option 2: 5 Certificate IV units plus 5 CPD activities
 - Amend regulations to include new initial education requirements for OC managers of 5 core units from the Certificate IV in Strata Community Management
 - Plus a minimum of 5 CPD activities per year.
- Option 3: Full Certificate IV plus 5 CPD activities
 - Amend regulations to include full Certificate IV in Strata Community Management as initial education requirement for OC managers
 - Plus a minimum of 5 CPD activities per year.

Key differences across options include the number of CPD activities p.a. (including composition of mandatory versus elective activities) and the number of units from the Certificate IV as initial education requirements. A summary of options is presented in the table below.

Table 8 Summary of options for initial education and CPD for OC managers

	Option 1 – 3 Certificate IV units plus 2 CPD activities p.a.	Option 2 – 5 Certificate IV units plus 5 CPD activities p.a.	Option 3 - Full Certificate IV plus 5 CPD activities p.a.
Initial education requirements	3 core units from Certificate IV (see below)	5 core units from Certificate IV	Full Certificate IV in Strata Community Management
Minimum CPD activities	2 CPD activities per year	5 CPD activities per year	5 CPD activities per year
Mandatory vs elective CPD	1 activity in a mandatory topic Up to 1 activity in an elective topic ⁹⁹	2 activities in mandatory topics and up to 3 activities in elective topics	2 activities in mandatory topics and up to 3 activities in elective topics
CPD Method of delivery	Activities must include at least one hour of learning	<i>Same as Option 1 (no assessment)</i>	<i>Same as Option 1 (no assessment)</i>
CPD Training providers¹⁰⁰	- Automatic approval is given to training providers who are: - RTOs who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can revoke approval for any training provider if they do not comply with requirements.	<i>Same as Option 1 (automatic approval)</i>	<i>Same as Option 1 (automatic approval)</i>

⁹⁹ Elective CPD topics must be relevant to the person's occupation and demonstrate a clear benefit to consumers

¹⁰⁰ Regardless of how training providers obtain their approval to provide CPD (whether automatic or subject to an assessment process), BLA can revoke approval for any training provider if they do not comply with requirements.

Certificate IV in Strata Community Management

Under Option 1, OC managers are required to undertake any 3 core units from the Certificate IV in Strata Community Management. Under Option 2, OC managers are required to undertake any 5 core units of the Certificate IV, and under Option 3, OC managers are required to complete the full Certificate IV in Strata Community Management, which includes 14 core units and four elective units.

Under all options, exemptions are only available for those who have completed the full prior equivalent of the Certificate IV, which was superseded in 2021. This recognises that a person is less likely to retain relevant knowledge and skills from a prior equivalent qualification if they have only completed a subset of units. That said, in practice a person may have their previous learning recognised by an RTO and counted towards a current unit as part of the RTO's recognition of learning policies.

5.4 Options considered but not progressed

As part of the policy process undertaken to develop options for this RIS, the Department focused on options that would operationalise the legislative powers for CPD for the four professions and initial education requirements for OC managers. This involved considering a wide range of options (and combinations of options) for:

- The quantity of CPD required to be undertaken e.g. 10 CPD activities
- What CPD activities will be required to be undertaken (i.e. subject matter) e.g. different topics¹⁰¹
- Requirements regarding approval of CPD training providers e.g. more or less expansive lists of training providers allowed to provide training
- Method of assessment of CPD activity undertaken. e.g. higher number of hours per learning activity.
- For OC managers, opportunities for effective and efficient alignment of initial education and CPD requirements.

Drawing on consultation with key stakeholders and review of approaches in other jurisdictions, the Department developed the feasible set of options by refining from a long list of options. Stakeholder consultation undertaken for this RIS has provided further input to the refinement of options considered.

¹⁰¹ Noting these details are part of the proposed options in this RIS, but optionality on specific mandatory topics are was not assessed in the RIS

5.5 Options for cost recovery

This section details cost recovery options considered in this RIS.

- Base Case - No change to regulations, meaning:
 - Current prescribed fees in the Estate Agents (Fees) Regulations 2018, Conveyancers (Fees) Regulations 2018 and Owners Corporations Regulations 2018 are retained
 - There would be no prescribed fees for agents' representatives.
- Option 1 – Full cost recovery for all occupations
 - Prescribed fees to be established for each of the professions that recover the Department's full costs.
- Option 2 – Full cost recovery for all occupations except estate agents and agents' representatives
 - Prescribed fees to be established for each of the professions that recover the Department's full costs except estate agents and agents' representatives
- Option 3 – Full cost recovery for all occupations except agents' representatives
 - Prescribed fees to be established for each of the professions that recover the Department's full costs except agents' representatives

Some further detail is provided on these options below and in chapter 8.

Table 9 Fee options

Option 1: Full cost recovery for all occupations	Option 2: Full cost recovery for all occupations except estate agents and agents' representatives	Option 3: Full cost recovery for all occupations except agents' representatives
• Each fee would be specified under each option i.e. fees set individually for each profession based on cost estimates for that profession • If there are material differences in the fees due to differences in government costs between the CPD options, these will be reflected in the fees (e.g. the fees table for each fees option provides two different sets of fees: one for a lighter-touch CPD administration model and one for a higher-touch administration model)	• As per Option 1 in approach to estimating and recovering fees • Less than full cost recovery option included for estate agents as that is the existing approach, noting funding from Victorian Property Fund contributes to Department's cost of administration • Less than full cost recovery being considered for agents' representatives reflecting potential barrier to entry considerations for entry level work	• As per Option 1 in approach to estimating and recovering fees • Less than full cost recovery being considered for agents' representatives reflecting potentially barrier to entry considerations for entry level works • Compared to Option 2, full cost recovery being considered for estate agents

6 Impact analysis of options

This chapter analyses the impacts of the feasible options and identifies a preferred option. The analysis of regulatory options is undertaken in two parts, which collectively inform the preferred option. Fees are assessed separately in Chapter 6.

6.1 Method for options analysis

Options in this RIS have been assessed in two parts:

- Those relating to estate agents, agents' representatives and conveyancers are analysed in section 6.3
- Those relating to OC managers are in section 6.4.

6.1.1 Estate agents, agents' representatives and conveyancers

Options for the introduction of mandatory CPD for estate agents, agents' representatives and conveyancers (see section 5.2) are first assessed using a cost benefit analysis (CBA) as key costs and several key benefits could be quantified in monetary terms using data from CAV, the Department and publicly available sources. The analysis is complemented by a discussion of qualitative benefits on items that cannot be assigned a dollar value.

The methodology used for the CBA is as follows:

- An estimate of the total costs and benefits is provided over an 11-year period¹⁰² (from when the proposed Regulations come into effect) for each of the options considered.
- Quantifiable costs and benefits are presented in present value (PV) terms relative to the Base Case.
- The net present value (NPV) and benefit cost ratio (BCR) is estimated for each option.
- Identify preferred option.

It is noted that there is uncertainty around benefits assumptions, particularly in relation to the potential impact of CPD on competency levels of property industry professionals and outcomes. Further, some benefits and costs have not been quantified. Reflecting this, a multi-criteria analysis (MCA) is undertaken to provide an additional lens on costs and benefits.

It is noted that the CBA is limited in its ability to distinguish between sub-options (i.e., less prescriptive versus more prescriptive CPD schemes outlined in section 5.2). Monetary values presented in this

¹⁰² An 11-year period is used here as the interventions for OC Managers commence one year later. Typically, the analysis aims to indicate impacts across 10-years from implementation. For consistency across the two sets of interventions, the same modelling period has been adopted.

chapter relate to more prescriptive CPD schemes (Option 1B and 2B)¹⁰³. A qualitative discussion is used to indicate the anticipated impacts of less prescriptive CPD schemes.

6.1.2 OC managers

A break-even analysis was used to assess options for OC managers as the costs can be quantified but the benefits are less certain and more difficult to quantify. It is noted that, unlike for estate agents and conveyancers, this will be the first time any OC managers are required to undertake initial education (let alone CPD), so the reforms represent an initial first step towards raising competency levels. Furthermore, there is more uncertainty on the quantum of the benefits for OC managers compared to the estate agent reforms given the OC manager reforms apply at 'business owner level' compared to 'practicing property industry professional level'.

The break-even analysis provides an estimate of the total costs of each option over a 10 year period (from when the proposed Regulations come into effect). It then identifies the extent to which complaints regarding OC managers would need to reduce (relative to the Base Case) for the policy to be cost neutral. A subjective assessment against policy objectives outlined in section 3 informs the preferred option for OC managers.

Cost and benefit estimates have been calculated based on data provided by the Department, CAV and desktop research of publicly available information. Assumptions have been made to support the analysis, which require subjective judgement.

6.1.3 Approach to estimating costs and benefits

Quantified costs

The analysis quantifies *costs to industry* and *costs to government*:

Costs to industry is the cost of property industry professionals undertaking CPD plus, for OC managers only, the cost of initial education:

- CPD is costed by estimating the number of additional hours of CPD (relative to the Base Case where some practitioners either are not undertaking any CPD or are currently undertaking some CPD) multiplied by the cost of a property industry professionals' time, plus associated attendance fees.
- Initial education for OC managers is costed based on the number of OC managers requiring additional education (relative to the Base Case) multiplied by the cost of their time spent studying, plus associated course fees.

Costs to government are estimated based on implementation costs (e.g., cost of technical system upgrades) incurred upfront, plus ongoing cost for monitoring and enforcement of new requirements (e.g., resources to undertake spot checks to ensure property industry professionals are meeting their CPD requirements).

¹⁰³ Informed by assumptions used in analysis of CPD schemes in other jurisdictions that have considered (or adopted) more prescriptive CPD schemes.

Quantified benefits

The *CBA for estate agents, agents' representatives and conveyancers* quantifies three key benefits:

- Efficiency gains to industry from increased productivity: estimated by assuming a small proportional uplift to industry revenue accrued in the Base Case.
- Avoided enquiries, complaints and disputes to CAV and VCAT: estimated by assuming a small reduction in the quantity of these, valued at the collective cost of an agents' time, a tenant/consumers' time and a CAV/VCAT resources' time.
- Avoided cost of mould: measured by a small reduction in the number of tenanted properties with mould (relative to the Base Case) multiplied by the social/health cost that mould imposes on tenants.

Additionally, other qualitative benefits are also outlined in section 7.3.3.4.

The breakeven analysis for OC managers compares the costs of options against the number of complaints against OC managers to determine how many complaints would need to be avoided for the option to break-even.

6.2 Data and assumptions

Key calculation methodology, data sources and assumptions for estimation of costs and benefits for all options are described in Appendix C.

6.3 Options analysis for estate agents, agents' representatives and conveyancers

6.3.1 Summary of quantified costs and benefits

Table 10 outlines the results of the CBA for each option (relative to the Base Case, \$ million).

For both Options 1 and 2, industry efficiency gains is the largest benefit, followed by the estimated benefit from avoided enquires, complaints and disputes.

Overall, the results are very similar at an aggregate level, with Option 1 having a slightly higher positive NPV and BCR.

At the more detailed cost and benefit level, the results for Option 1 and 2 are very different. Option 2 has much higher benefits and costs than Option 1, reflecting the larger amount of CPD required – 5 activities under Option 2 compared to 2 activities.

Table 10 CBA results –estate agents, agents’ representatives and conveyancers interventions, (\$m, PV, over 13 years)

	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Avoided enquiries, complaints & disputes	\$20.4	\$51.1
Efficiency gain	\$25.2	\$63.1
Avoided mould	\$1.9	\$4.6
Total benefits quantified	\$47.5	\$118.8
Costs to industry	\$40.3	\$117.3
Costs to government	\$4.7	\$7.9
Total costs quantified	\$45.0	\$125.2
NPV	\$2.5	-\$6.4
BCR	1.06	0.95

More prescriptive versus less prescriptive CPD schemes – consideration of sub-options

The CBA undertaken quantifies the impacts of CPD options using assumptions aligned to a more prescriptive CPD model i.e. sub-option 1B for each option¹⁰⁴.

General features of more prescriptive CPD schemes include more enforcement resourcing, greater restrictions and administrative requirements for on CPD providers and more detailed prescription on which learning is recognised as CPD.

Compared to a more prescriptive model, a less prescriptive model might entail fewer enforcement resources, less fewer restrictions on the providers of CPD and more flexibility about the CPD activities recognised.

At a high-level, lower enforcement activities presumably reduce government costs, and result in higher levels of non-compliance, which in-turn also reduce industry costs. Lower compliance and enforcement effort might reduce the number of hours of CPD undertaken amongst property industry professionals, eroding some benefits that were attributable to CPD. It is unclear which of the two impacts is likely to be stronger.¹⁰⁵

Stakeholder consultation undertaken for this RIS has routinely suggested links between the number of providers of CPD and its impacts on quality of CPD delivered; with some industry stakeholders suggesting it is important to restrict CPD providers to ensure quality CPD is delivered. On the other hand, there can be issues associated with lack of competition from establishing a limited number of education providers, which may lead to higher cost of attending CPD given reduced competition and inelastic demand (because CPD is mandatory) or even challenges in complying with annual CPD requirements if only limited activities are available.

Regarding possible quality concerns in relation to providers of CPD, the BLA will have the ability under either approach to declare that an activity that a CPD provider is offering does not comply with the Regulations and cannot be counted towards a professional’s minimum annual activities. That will likely

¹⁰⁴ Informed by assumptions used in analysis of CPD schemes in other jurisdictions that have considered (or adopted) more prescriptive CPD schemes.

dissuade professionals from undertaking that activity or possibly any activities offered by that provider.

Under the more prescriptive approach, the BLA would have the power to approve a provider before they can offer CPD activities and revoke approval if the provider does not comply with requirements; the application of this power will depend on the oversight and enforcement decisions of CAV. Existing regulation-making powers are not sufficient to authorise this power, however the Government is proposing legislative amendments as part of the Consumer Legislation Amendment Bill 2025 that would enable more comprehensive regulation of training providers to occur if that is determined to be the most effective approach.

In relation to what CPD activities should be required, stakeholders generally favoured requiring a couple of mandatory CPD activities on core topics combined with practitioners having some choice over remaining units to best meet their needs.

Overall, a less prescriptive CPD model is expected to reduce costs but may deliver lower associated benefits, highlighting a potential trade-off between cost and the effectiveness of CPD in improving professional standards.

6.3.2 Assessment of preferred option – estate agents, agents' representatives and conveyancers

On balance, Option 2 – a 5 CPD activity scheme – is assessed as the preferred option. This option delivers a substantial increase in CPD undertaken by property industry professionals, which is expected to improve competency levels.

Given the objective of the reform is to strengthen consumer protections by enhancing professional competence (see Chapter 5), the higher CPD requirement under Option 2 is more directly aligned with the policy intent. The relatively small difference in the estimated BCR and NPV is not considered sufficient to justify selecting Option 1 instead.

In making this assessment, we have taken into account the strongly held view of that a 5-activity requirement would deliver greater benefits than 2 activities. This view is shared across both industry and tenancy/consumer advocacy organisations.

A less prescriptive model is preferred by the Department. This model delivers a sufficiently robust regulatory system to ensure CPD activities deliver meaningful learning outcomes, while minimising constraints in developing a strong and efficient market for CPD providers and minimising the administrative burden on the BLA and CAV.

6.3.3 Costs

6.3.3.1 Quantified costs

The following table shows a breakdown of estimated costs.

Table 11 Quantified costs –estate agents, agents' representatives and conveyancers interventions, (\$m, PV, over 13 years)

Cost category	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Costs to industry	\$40.3	\$117.3
Costs for estate agents to do extra CPD	\$23.7	\$69.1
Costs for agent reps to do extra CPD	\$13.9	\$40.5
Costs for conveyancers to do extra CPD	\$2.7	\$7.7
Costs to government	\$4.7	\$7.9
Total	\$45.0	\$125.2

Industry costs make up around 90% of total costs under both options. These are calculated by estimating the additional hours of CPD required under each option and multiplying this by the cost of undertaking CPD (including both time and attendance fees).

Industry costs under Option 2, where the requirement is to undertake 5 CPD activities, are almost three times higher than under Option 1 where 2 CPD activities are required. Option 1 is estimated to deliver approximately 310,000 additional hours of CPD whereas Option 2 delivers about 900,000 additional hours of CPD over the 11-year modelling period (see Table 12).

This equates to an average additional 0.5 hour of CPD p.a. per practitioner for Option 1 and 1.5 additional hours per practitioner for Option 2. Note: the additional hour is relative to the Base Case where some practitioners either are not undertaking any CPD or are currently undertaking some CPD.

Table 12 Comparison of additional hours of CPD – estate agents, agents' representatives and conveyancers

	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Additional hours CDP undertaken		
Estate agents	144,843	422,460
Agents' representatives	145,280	423,733
Conveyancers	20,584	58,585
Total additional hours CPD	310,708	904,778
No. practitioners in FY38	52,582.91	52,582.91
Ave. additional CPD per practitioner over 11 years	5.91	17.21
Ave. additional CPD per practitioner p.a.	0.54	1.56

Aside from the additional hours of CPD undertaken, another key driver of industry costs is industry wage rates. There is some uncertainty on the appropriate wage rate for estate agents, given limited occupations specific wage rates, which were modelled using a central estimate of \$160.11 per hour including a standard 75% loading. If estate agent wages were instead closer to the wages for auctioneers for instance (\$86.95 per hour including loadings), industry costs drop to \$37 million in Option 1 and \$101 million for Option 2 increasing the NPV to \$7.2 million under Option 1 and \$8.7 million under Option 2.

6.3.3.2 Other costs not quantified

This analysis has not quantified the substantive costs incurred as a result of change in behaviour by property industry professionals, including the following:

- There may be costs to landlords of rectification works in rental properties as a result of better competency standards and compliance with Residential Tenancies requirements. This has not been quantified because there is no data on number of repairs. In many cases the proposed changes are expected to result in more timely rectification works rather than be responsible for the actual cost of the works, for example bringing forward works by a month^{106, 107}
- Administrative costs to professionals as a result of better competency standards and compliance with requirements in Acts, for example the cost of time spent undertaking required processes (which might not have been complied with and undertaken previously). We consider this is a net cost to efficiency gains that industry stakeholders have indicated they expect to be significant (see section 6.3.4.3).

6.3.4 Benefits

Benefits are estimated for Option 1 and Option 2 relative to the Base Case of having no CPD requirement.

The following benefits are estimated as a result of higher competency levels for estate agents and agents' representatives:

- Avoided enquiries and complaints – which are assumed to no longer occur (see discussion in section 6.3.4.1)
- Avoided health costs from poor property conditions – estimating renters' benefit derived from not living with mould (see discussion in section 6.3.4.2)
- Efficiency gains for the real estate services industry – time savings and profitability increases to industry as a result of better training (see discussion in section 6.3.4.3).

Other significant benefits expected to accrue are discussed qualitatively in section 6.3.5).

Table 13 Quantified benefits for estate agents, agents' representatives and conveyancer reforms

Benefit	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Avoided enquiries, complaints & disputes	\$20.4	\$51.1
Reduced enquiries to CAV	\$1.7	\$4.2
Reduced applications to VCAT	\$14.4	\$36.1
Reduced calls to VCAT and CAV	\$4.3	\$10.8
Avoided mould	\$1.9	\$4.6
Efficiency gain	\$25.2	\$63.1
Total benefits quantified	\$47.5	\$118.8

¹⁰⁶ For example, currently a renter may raise a concern about an urgent repair requirement. Poor standards may result in an agents' representative not responding in a timely or appropriate manner. The case might go through enquiry and complaints processes before being resolved with works undertaken a few weeks later than should occur if resolved in a timely manner. Under the proposed options, better competency standards might result in the works being undertaken more quickly.

¹⁰⁷ The RIS undertaken for the Residential Tenancies Regulations 2020 discusses but does not fully quantify a range of costs including costs of urgent repairs and urgent site repairs, mandatory disclosures, and condition reports. See Regulatory Impact Solutions, *Regulatory Impact Statement Residential Tenancies Regulations 2020*.

Data limitations on quantified benefits

The key data limitation for this analysis is evidence of the extent to which initial education and CPD impacts on performance of property industry professionals and outcomes for renters. There is not definitive research that clearly demonstrates the effectiveness of CPD. Evidence for assuming benefits is drawn from discussions with key stakeholders, including renter representative and property industry groups, who strongly advocate for the benefits of CPD. Reflecting these limitations, a conservative approach to benefits estimation has been adopted. As set out in the Evaluation Plan (Chapter 11), comprehensive evaluation of the proposed Regulations will be undertaken reflecting the uncertainty associated with benefits of CPD.

6.3.4.1 Avoided enquiries, complaints and disputes

Strengthened CPD requirements for estate agents and agents' representatives should lead to better and a more up-to-date understanding of legislative requirements, in improved performance of property industry professionals and therefore reduce the number of enquiries, complaints and disputes going to CAV and VCAT. For example, well-designed CPD might provide an estate agent or agents' representative with better knowledge of renters' rights when signing a rental agreement or minimum rental standards. This could reduce non-compliance of estate agents' and agents' representatives with these requirements and reduce the number of complaints and disputes.

This benefit consists of fewer:

- Calls to CAV and VCAT
- Complaints and enquiries to CAV
- Applications to VCAT's Residential Tenancies Division.

It is also relevant to note that a tenancy representative stakeholder noted they expected fewer calls from renters to their call centres as a result of CPD for real estate professionals, which has not been quantified here.

The CBA results in Table 13 indicate that reduced applications to VCAT account for around 70% of the broader benefit of avoided enquiries, complaints and disputes benefits. Further detail on reduced VCAT applications is provided in Table 14. Of the approximately 41,000 residential tenancies VCAT applications per annum (growing at 14% p.a.), 20% relate to the performance of property industry professionals. A reduction of 4% is assumed under Option 1 whereas a 10% reduction applies in Option 2¹⁰⁸.

In practice, this results in between 0.2-0.5 fewer VCAT applications per practitioner over the 11-year modelling period. Alternatively, this can also be interpreted as one avoided VCAT application for every 30-40 hours of additional CPD undertaken by industry.

¹⁰⁸ Simply reflecting a linear relationship between number of CPD activities and outcomes.

Table 14 Avoided VCAT applications - estate agents, agents' representatives and conveyancer reforms

	Option 1: 2 CPD activities	Option 2: 5 CPD activities
Avoided applications to VCAT	\$14.4 million	\$36.1 million
No. avoided VCAT applications	10,910	27,274
No. practitioners in FY38	52,583	52,583
Average avoided VCAT applications per practitioner over 11-years	0.21	0.52
Average avoided enquiries, complaints, disputes per practitioner p.a.	0.02	0.05
Avoided VCAT applications per unit of CPD	0.04	0.03

The reductions applied here are conservative. For example, the Queensland RIS for mandatory CPD for property agents estimated a 35% decrease in complaints for an option that requires agents to complete 5 CPD points annually. While caution is required when comparing results due to differences in baseline and scheme design, these comparisons provide useful context.

6.3.4.2 Mould

Regarding the condition of rental properties, better understanding of legislative requirements and keeping up to date with changes by undertaking CPD should lead to improved compliance by property industry professionals and improved health outcomes for renters. It is also expected that well-designed CPD would increase estate agents' and agents' representatives' knowledge of compliance requirements. This increased knowledge might allow for prospective tenants with respiratory problems (i.e. who are more susceptible to mould) to avoid a house with mould i.e. through the estate agent disclosing a history of mould. Alternatively, it may increase the timely response of repair work to address mould. This may lead to avoided health costs.

To estimate the benefits associated with better property conditions, this analysis focuses on avoided health costs associated with reduction of mould. Mould was chosen as there is data available¹⁰⁹ to support its quantification, it is a common problem in residential tenancies, and it is prescribed as an urgent repair under the Residential Tenancies Regulations. The problem of mould in rental properties has been cited by stakeholders as one of the most common repair problems identified by renters.

The benefit of avoided mould is estimated by multiplying the annual cost of mould by the expected reduction under each option. The annual cost of mould \$2,914¹¹⁰ which means that an individual would be willing to forego \$2,914 in income in exchange for a house without mould.

In the absence of specific evidence on the impact of the performance of property managers on the problem of mould in rentals, this RIS estimates mould reduction for Option 2 at 0.05%, and 40% thereof (i.e., 0.02%) for Option 1. This uses the same approach as a New Zealand CBA on the

¹⁰⁹ Whilst other negative outcomes associated with poor property management exist, (for example, health issues from excessive noise or cold), these impacts have not been quantified due to limited data.

¹¹⁰ Annual cost of mould sourced from Smith and Davies (2020), *Cost-wellbeing analysis of housing outcomes in the New Zealand General Social Survey*, converted to AUD and inflated to 2026 dollars.

introduction of occupational regulation for property managers.¹¹¹ This results in estimated benefits of \$1.9 million over 10 years for Option 1, \$4.6 million for Option 2, approximately 4% of overall benefits across both options.

6.3.4.3 Efficiency gains

Industry stakeholders reported that the efficiency gain to industry is the most significant benefit of CPD. Well-designed CPD would cause estate agents and agents' representatives to be more conscious of and knowledgeable about legislative requirements and regulatory change. For instance, given the frequent updates to the residential tenancies regulatory framework, obligations on property managers continue to evolve and accidental non-compliance is possible for those that are not engaged in some form of ongoing training like CPD.

Similarly, as AIC Victoria noted, CPD for conveyancers could provide training for junior conveyancers bridging knowledge gaps between formal qualifications and practical experience, and provide updates to regulatory frameworks for the industry more broadly (e.g., how to comply with the new *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024*). Property industry professionals would have better knowledge of what is expected of them, meaning that they can perform their duties more quickly and with fewer mistakes. Junior employees would require less oversight or on-the-job training. Overall, this could reduce the time spent by businesses delivering existing services.

Efficiency gains are estimated using an estimated increase in revenue generated by estate agents, agents' representatives' and conveyancers' actions. Overall, it's estimated that Option 2 would produce an additional 0.1% of revenue in response to 5 CPD activities whilst Option 1 is scaled on a linear basis to 40% of Option 2. i.e., 0.04% revenue increase. This results in a \$25.2 million benefit under Option 1 and a \$63.1 million benefit for Option 2. With roughly 52,500 practitioners in FY38, this equates to an annual \$43 (Option 1) and \$109 (Option 2) productivity uplift per person, per annum. For perspective, this equates to about 15 minutes (Option 1) or 40 minutes of (Option 2) of an estate agents' time per annum, which would be the equivalent of filling in a form more quickly or having to check requirements less. This is an indicator only but demonstrates that the efficiency gain is achievable in practice.

Considering the strongly positive industry views, this seems achievable; indeed, it seems reasonable to say that this is a conservative assumption.

6.3.4.4 Other benefits not quantified

Qualitative benefits are not captured in the analysis, but may be realised by improving the level of competency of property industry professionals. Potential benefits not quantified include:

- Benefits to renters and other consumers:
 - Improved health and safety outcomes due to better housing conditions (in addition to mould, such as cold, plumbing issues etc)
 - Reducing costs associated with housing insecurity, particularly for low income renters

¹¹¹ In the absence of evidence about how the interventions may impact on mould reduction and health outcomes we have used the same assumed reductions as New Zealand CBA introducing occupational regulation for property managers. *Martin Jenkins, Costs and benefits of regulation the residential property management sector Final Report*, October 2022.

- Potential benefits to landlords associated with reduced maintenance costs, compliance and avoided time costs
- Benefits to tenancy support organisations
- Benefits to conveyancers through potential reductions in professional indemnity insurance premiums.

The size of benefits depends on the extent of effectiveness of CPD, the evidence for which is a limitation of this analysis.

Improving rental housing conditions (in addition to mould, such as cold, plumbing issues etc)

There is a relationship between poor housing conditions and health outcomes¹¹², although it is noted that there is a paucity of robust evidence available on the relationship between service levels provided by property industry professionals and housing conditions – although anecdotally it is common for stakeholders and the community to draw a link because renters often rely on the responsive and competence of property managers to address such problems in a timely and effective way¹¹³.

Reducing costs associated with renter housing insecurity

Common rental matters such as rental applications, notices to vacate and housing condition can be impacted by actions of property managers and can be directly associated with housing insecurity e.g. difficulty obtaining a rental property or risk of having to move out of a rental property and find another property to live in. However, it is difficult to accurately estimate the extent to which actions taken by property managers contribute to the problem (e.g. versus the action of rental providers).

Further, while widely acknowledged in public forums as a significant issue, there is limited data available on the costs of housing insecurity. This analysis identified one report that quantifies the cost of housing insecurity, which is *Give Me Shelter: The long-term costs of underproviding public, social and affordable housing* by SGS Economics and Planning (June 2022). This report is focused on availability of social housing rather than issues associated with existing rental properties, but describes the cost of housing stress and insecurity in terms of health costs, education costs from having to move children to different schools and impacts on worker retention.

Renters move more frequently than owner-occupiers (noting some of this is by choice). As noted by PEXA, the cost of moving is expensive.¹¹⁴ Moving can cost upwards of \$500 for 1-bedroom apartments and well over \$1,000 for 4-bedroom houses. Renters face costs beyond the direct move, such as professional cleaning, utility termination, utility set-up fees and problems retrieving the rental bond¹¹⁵. PEXA estimates the total moving cost for a 3-bedroom house can be up to \$6,175.

¹¹² There is published evidence relating to the impact that poor quality housing can have on the health of residents. Tenants' experience of property quality is demonstrated to be significantly correlated with measures of health and wellbeing (Rolfe, S., Garnham, L., Godwin, J. *et al.* (2020). *Housing as a social determinant of health and wellbeing: developing an empirically-informed realist theoretical framework*. BMC Public Health 20, 1138.). Living in poor quality housing can cause psychological distress, as a home holds psychological importance for individuals by providing them with a source of identity and, ideally, a refuge from stress (Waters, AM (2001). *Do housing conditions impact on health inequalities between Australia's rich and poor?*, Report for the Australian Housing and Urban Research Institute (AHURI).)

¹¹³ Including responding to initial issues raised by renters, communicating with landlords, organising maintenance etc.

¹¹⁴ Longview and PEXA, Private renting in Australia – a broken system Whitepaper 2, March 2023.

¹¹⁵ As noted by PEXA, this is eventually paid back at the end of the tenancy in most cases, but nonetheless can create significant cash flow difficulties for prospective renters

Benefits to landlords

Potential benefits to landlords as a result of improved competency standards of estate agents and agents' representatives include:

- Reduced maintenance costs - timely upkeep of properties can prevent more expensive repairs. Additionally, any upgrades or repairs to rental properties may add value to the property owned by the landlord.
- Compliance with laws - competent property managers ensure landlords meet legal requirements.
- Avoided time costs – timely management of issues can avoid landlords having to become more involved in responding to problems.

Benefits to tenancy support organisations

As noted in section 6.3.4.1, a tenancy representative stakeholder noted they expected fewer calls from renters to their call centres as a result of CPD for real estate professionals. Given the tenancy group does not currently have adequate capacity to meet the demand for its services from renters asking for assistance to manage rental issues, this will take pressure off demand for the group's services and enable more renters to be given assistance.

Benefits to conveyancers through reduced professional indemnity insurance premiums

During stakeholder consultation, AIC Victoria indicated that as the master policy holder for conveyancers' professional indemnity insurance, it had worked with its insurance broker to develop a risk manager program of professional development based on insurance claims arising from the policy. The professional development program, which commenced in 2015, is regularly updated and tailored to address knowledge gaps highlighted through claims data. It is currently attended by around 25% of conveyancers. AIC Victoria has indicated that in response to its professional development training, it obtained a 20% decrease in its insurance premium in 2025–2026 as the Master Policy Holder.

Assuming these savings are passed on to conveyancers obtaining professional indemnity insurance through AIC VIC, and that these savings were not once off, there may be an opportunity for some property industry professionals to benefit from reduced insurance premiums in exchange for CPD participation.

6.3.5 Supplemental multi-criteria analysis

As an additional lens on the costs and benefits of the proposed options, we also assessed the options using an MCA. Essentially this approach considers and scores all benefits and costs, both quantifiable and those qualitatively discussed.

An MCA framework provides a robust and transparent way of evaluating the disparate and qualitative data that is available.

MCAs use a selection of criteria for costs and benefits against which options are subjectively scored (relative to the Base Case) using evidence-informed judgement. The criteria are typically broader than that used in traditional financial analysis (e.g., social/environmental impacts) and the MCA framework assigns a weight to each criterion reflecting its relative importance to the policy decision. Evidence used to inform scores may include both quantitative and qualitative evidence. The MCA then uses the scores and criterion weights to determine a weighted score for each option. The option with the highest weighted score is the preferred option.

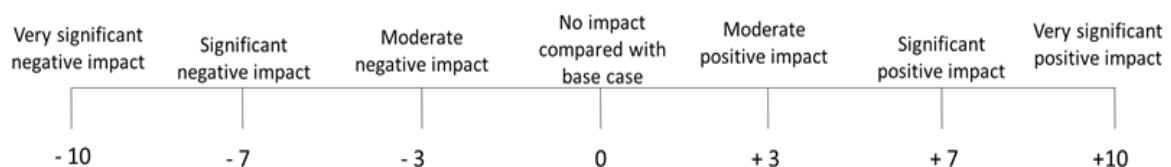
The table below describes the MCA framework that has been used, aligned to the objectives of the Regulations. Cost and benefit criteria are equally weighted at 50 per cent. Costs to government, industry and community are grouped together as costs to industry account for over 95% of total costs so it would not make sense to disaggregate. Benefits are grouped together and not split (for example between benefits to renters and consumers and other benefits such as reducing disputes) as the Department has in principle evenly balanced the different priorities during the process of developing the proposed regulations. Furthermore, these benefits are highly dependent, for example making renting fair is expected to reduce disputes; therefore grouping the benefits avoids the complexity of trying to isolate different impacts and potential double counting.

Table 15 MCA framework

Criteria	Description of criteria	Weighting
Costs to government, industry and community	- Costs to government to implement, monitor and enforce compliance with the proposed amendments - Costs to industry to comply with the proposed requirements - Costs to community to comply with the proposed requirements	50%
Benefits	- Make renting fairer and safer and to improve protections for consumers in the property market - To reduce the number of disputes between consumers and agents, and to improve efficiency for businesses operating in the industry.	50%

Options are scored relative to the Base Case using the points system below (see **Error! Reference source not found.**) where a score of 0 represents no change relative to the Base Case and scores above (or below) zero represent positive (or negative) impacts relative to the Base Case. For example, a score of +10 represents a very significantly positive impact compared to the Base Case.

Figure 8: MCA scoring system



Once scores were assigned, weighted and totalled, each policy option was given an overall weighted score to indicate its impact and the option with the highest positive overall score was the preferred option.

The impact of each option relative to the no-change Base Case is qualitatively assessed on a scale of zero to ten, then weighted by the allocated weighting. This provides a weighted score for each option.

Costs to government, industry and community

For the CBA, it was estimated that there will be \$45 million of costs incurred under Option 1 (2 CPD activities) and \$125m costs under Option 2 (5 CPD activities) over the 12 year modelling period. Industry costs make up over 95% of total costs under both options.

In addition, there may be other costs not quantified (discussed in section 6.3.3) associated with better compliance standards including potential costs to landlords of rectification works in rental properties under Residential Tenancies requirements (typically the cost of the time difference from bringing forward works) and administrative costs to professionals as a result of improved compliance with requirements in Acts. Compared to the quantified costs, these unquantified costs are not considered a key cost driver under the options.

The magnitude of costs is reflected in scoring as a moderate negative impact for Option 1 with a score of -3 and a significant impact for Option 2 with a score of -8. This reflects that costs under Option 2 are just under triple the costs under Option 1.

Benefits

For the CBA, it was estimated that there will be \$47.5 million of benefits under Option 1 (2 CPD activities) and \$119 million under Option 2 (5 CPD activities) over the 12 year modelling period.

In addition, there may be other costs not quantified (discussed in section 6.3.3) associated with better compliance standards including:

- Benefits to renters and other consumers:
 - Improved health and safety outcomes due to better housing conditions
 - Reducing costs associated with housing insecurity, particularly for low income renters
 - Potential benefits to landlords associated reduced maintenance costs, compliance and avoided time costs
- Benefits to tenancy support organisations
- Possible reductions in professional indemnity insurance premiums.

Benefits to renters that have not been quantified, such as better housing conditions from more timely repairs and reducing costs associated with housing insecurity, align strongly to the objective of making renting fairer and safer. Tenancy support organisation stakeholders have also identified reduced demand for their services as a significant potential benefit as it will allow them to use resources for other purposes.

The magnitude of quantified benefits is very similar to the magnitude of quantified costs - so on that basis alone the benefit score is considered to be similar to the score for costs to government, industry and the community (the difference in quantified \$ value is not sufficient to differentiate under the scoring system). Taking into account potential benefits that are not quantified, we assess the unquantified benefits as having a moderate incremental impact. We do not have strong research evidence to determine that the unquantified benefits will be proportionately higher for one option versus the other, although stakeholders were generally supportive of more CPD activities being required and the benefits to be derived from this – suggesting stronger benefits under Option 2.

Overall (taking into account quantified and unquantified benefits), benefits are assessed as having a moderate impact for Option 1 with a score of +4 and a significant impact for Option 2 with a score of +9.

Overall MCA assessment

Overall, the MCA provides a weighted score of +0.5 for Option 1 and +0.5 for Option 2 and indicates a small positive net benefit for both options. The results of the MCA align with the results of the CBA in terms of the close results determined for both options. The MCA provides a transparent framework for assessing the unquantified costs and benefits; overall these are considered to strengthen the net benefit under both options.

Table 16 Summary of MCA results

	Unweighted score		Weighted score	
	Option 1 – 2 CPD activities	Option 2 – 5 CPD activities	Option 1 – 2 CPD activities	Option 2 – 5 CPD activities
Costs to government, industry and community (50%)	-3	-8	-1.5	-4.0
Benefits (50%)	+4	+9	+2.0	+4.5
Total			0.50	0.50

6.4 Options analysis for OC Managers

To support the break-even analysis, this section first discusses the potential costs and benefits of the options for initial education and CPD for OC managers.

6.4.1 Costs

A summary of costs for OC manager options is provided in the table below. The table also shows, under each option, how much additional initial education and CPD is required.

Table 17 Costs of options for OC managers

Cost category	Option 1: 3 units of Cert IV plus 2 CPD activities p.a.	Option 2: 5 units of Cert IV plus 5 CPD activities p.a.	Option 3: Full Cert IV plus 5 CPD activities p.a.
Costs to industry	\$3.0	\$5.1	\$14.9
Costs for OC managers to meet education requirements	\$2.7	\$4.2	\$14.0
Costs for OC managers to do extra CPD	\$0.3	\$0.9	\$0.9
Costs to government	\$0.11	\$0.18	\$0.24
Total costs	\$3.1	\$5.3	\$15.2
Number of OC managers in FY38	645	645	645
Average cost per OC manager p.a.	\$478	\$816	\$2,354

Cost category	Option 1: 3 units of Cert IV plus 2 CPD activities p.a.	Option 2: 5 units of Cert IV plus 5 CPD activities p.a.	Option 3: Full Cert IV plus 5 CPD activities p.a.
Additional initial education and CPD undertaken			
No. additional <i>units</i> of Cert IV undertaken over 10-years	672	1,120	4,031
per practitioner over 10-years	1.04	1.74	6.25
No. additional <i>hours</i> of study to meet education requirements over 10-years	16,050	26,751	96,302
per practitioner over 10-years	25	41	149
No. additional <i>hours</i> of CPD undertaken over 10-years	1,916	5,589	5,589
per practitioner over 10-years	3	9	9

Comprising over 95% of total costs, industry costs are made up of:

- The cost of OC managers undertaking CPD: the number of additional hours of CPD (relative to the Base Case) multiplied by the cost of an OC manager's time plus associated attendance fees.
- The cost of initial education: the number of OC managers requiring additional education (relative to the Base Case) multiplied by the cost of their time spent studying plus associated course fees.

Overall, the average cost per OC manager to comply with the requirements ranges from \$478 per person p.a. under Option 1 to \$2,354 per person p.a. under Option 3.

Most of the industry cost is attributable to initial education requirements reflecting the time required to complete initial education and the associated tuition costs¹¹⁶. Using Option 3 as an example, as seen in Table 12, practitioners are estimated to undertake 149 additional hours of initial education on average and 9 hours per practitioner of CPD on average.¹¹⁷ Reflecting this, the largest impact of the proposed changes on competency levels for OC managers is likely to come from the initial education requirements.

Estimated costs to government are less than \$250,000 per year under both options, with assumptions provided in section 7.2.

6.4.2 Benefits

The proposed reforms are expected to improve OC managers' competency which in turn improves their performance/productivity and reduces instances of poor quality OC management services (a similar logic to what is set out for estate agents etc. above).

The extent to which benefits will be derived is uncertain. This is in part because only a subset of the occupation (i.e., OIECs of an OC management company) are subject to the proposed reforms, and

¹¹⁶ The cost of enrolling in a unit of the Certificate IV is on average \$167 per unit whereas the average cost of attending a CPD session is \$55 per hour. Technically speaking a \$167 unit covers roughly 24 hours of study equating to \$7 per hour, but the initial education costs are incurred upfront meaning the costs are discounted less.

¹¹⁷ On average each unit of the Certificate IV is assumed to require 24 hours of study whereas each unit of CPD is only 1 hour.

these individuals are not the segment of the industry that residents of strata-titled buildings are likely to interact with. However, the proposed initial education and CPD requirements are a significant step in terms of raising standards in an industry for a profession where there are no current mandated education requirements.

In addition, as an OC management company will be required from 30 June 2027 to appoint an OIEC at all times, companies will be incentivised to ensure that more than one senior employee has undertaken initial education.

Efficiency gains

Well-designed initial education requirements and CPD for OC managers is expected to lift OC managers' competency, performance and productivity. Feedback received from OC manager industry stakeholders suggested that the benefits to OC management companies of strengthened education and CPD is likely to be significant. Whilst no formal estimates have been generated for this RIS, indicatively a 0.1% efficiency gain on estimated annual industry revenue of \$522 million¹¹⁸ could produce an efficiency gain of around \$0.5 million p.a. (undiscounted) assuming no growth in industry revenue.

Better performance

The benefits to lot owners and renters of improved competence of OC managers could include:¹¹⁹

- Reduced delays to common property repairs and management of common property matters such as rubbish removal and use of common property leading to improving amenity outcomes for those living in the property
- Reduced loss from financial mismanagement for lot owners i.e. mismanagement of funds
- Reduced risk of under-funded and unplanned costs of maintenance and repair if inadequate funds are set aside for future use
- Reduced governance issues and disputes through poor understanding and application of owners corporation rules.¹²⁰

Some of this benefit may accrue to members of the owners corporation (the lot/property owners), for example through better governance, management of payments and contractors, and better maintenance of common property. Amenity benefits may accrue to tenants, through better management of the common property leading to better housing conditions and reduced issues (e.g. less rubbish in the common space, better maintenance of common areas, management of disputes between neighbours over the use of common property).

¹¹⁸ 2024 *Australasian Insights Report* indicated that there were around 1,044,400 strata lots in Victoria, and the 2024 *Strata Management Benchmarking Report* by Macquarie Bank estimated the revenue per lot is \$474 per lot in FY24 (or \$500 in FY26) resulting in industry revenue estimates of \$522 million p.a.

¹¹⁹ Note: OC managers do not directly influence the private property of lot owners and tenants residing in OC properties (i.e. within the "four walls" of a lot as one stakeholder described it). However, OC managers maintain common property, meaning that their actions can impact lot owners' and tenants' wellbeing. For example, delays in repairs to common property can negatively impacts the amenity value of lot owners and tenants at present, as well as placing a greater financial burden on future lot owners if the delay leads to greater repair costs in the future.

¹²⁰ See for example the RIS on the Owners Corporation Regulations 2018, prepared by Regulatory Impact Solutions for Consumer Affairs Victoria.

It is noted that some of the benefits to lot owners may trickle down to renters through improved amenity or lower rent (if financial savings are passed on), although the extent to which this would happen is uncertain.

Reduced enquiries and complaints about OC managers

Better quality OC management services are in turn likely to reduce the number of VCAT applications under the Owners Corporation List and the number of calls, enquiries and resolve cases to CAV regarding owners corporations as the issues described above are reduced¹²¹.

As there is data available on VCAT applications, this has been used as the basis for a break-even analysis.

6.4.3 Break-even analysis

A break-even analysis is used to analyse the impacts of these reforms because:

- It was possible to quantify the costs of options relative to the Base Case with a reasonable degree of certainty, however -
- There was limited data available to quantify the benefits associated with options with a reasonable degree of certainty - particularly the case for impacts on renters of issues in relation to the common property of strata properties and the role of OC managers (i.e., OIECs of an OC management company) in addressing such issues.

The break-even analysis tests how much of a reduction in the number of VCAT applications to the Owners Corporation List is required for each option to generate benefits that exactly offset or equal the costs of the option. A judgement is then made as to how achievable these benefits are in practice.

Table 18 outlines the results of the break-even analysis for OC managers for each option (relative to the Base Case, \$ million). Essentially the question being explored is – to derive enough benefits to break-even with the costs of each option, what level of benefits is required to be achieved?

Table 18 Summary of breakeven analysis for OC managers

Cost category	Option 1: 3 units of Cert IV plus 2 CPD activities p.a.	Option 2: 5 units of Cert IV plus 5 CPD activities p.a.	Option 3: Full Cert IV plus 5 CPD activities p.a.
Total costs	\$3.1	\$5.3	\$15.2
Break-even results			
No. VCAT cases annually - Owners Corporation List in Base Case	1,662	1,662	1,662
Reduction in VCAT applications required for break-even	139	237	683
Reduction in applications required (p.a.)	8%	14%	41%

¹²¹ For context, in FY25 the top resolve contact for owners corporation issues reported to CVA was disputes accounting for 1,161 resolve contacts.

The VCAT Owners Corporation List had 1,662 applications in FY24, of which VCAT data suggests that 81% of applications proceed to hearings and the remaining 19% have no hearing. Sapere estimates the cost of a VCAT case (with hearing) is \$3,013 which includes lodgement fees, time of the agent and time of the renter/consumer. Similarly, non-hearing cases are estimated to cost \$2,140 each reflecting faster resolution. Overall, the weighted average cost of a VCAT case is estimated at \$2,850.

The table above indicates that in the absence of any other benefits:

- An 8% reduction, or 139 VCAT cases, is required for Option 1 to break-even
- A 14% reduction, or 237 VCAT cases, is required for Option 2 to break-even
- A 41% reduction, or 683 VCAT cases, is required for Option 3 to break-even.

Reflecting on the analysis undertaken for estate agents, agents' representatives and conveyancers, a 5-activity CPD requirement was estimated to reduce cases by around 10%, whereas a 2-activity requirement was estimated to achieve a reduction of around 4% (see section 6.3.4.1). In contrast, the OC reforms are coupled with additional initial education requirements, which may increase the expected benefits. On the other hand, the OC manager reforms apply only to OIECs rather than across all practitioners.

Overall, it appears that Option 1 may achieve break-even on the basis of avoided VCAT cases alone, whereas Options 2 and 3 are unlikely to do so.

When a broader suite of benefits is considered (e.g., productivity gains, reduced calls/complaints to CAV), it seems reasonable to suggest that both Option 1 and Option 2 may break-even. For instance, Option 2 can breakeven with a 10% reduction in VCAT claims, a 0.1% industry productivity gain and a 10% reduction in CAV enquiries/complaints.¹²²

Option 3 has significantly higher costs compared to other options, and would require a productivity gain of around 0.35% p.a. for the option to break-even. In practice, this translates into roughly an 18-hour productivity gain per OC manager per year to break-even.

More prescriptive versus less prescriptive sub-options

Chapter 6 outlined that each option for OC manager reforms had two sub-options (i.e., a more/less prescriptive CPD scheme), noting that this doesn't impact the enforcement regime for the initial education requirements, which will continue to be checked on an individual basis. This is an important distinction because most of the industry costs are attributable to meeting education requirements (which remain unchanged) rather than CPD requirements.

The break-even analysis results presented above indicate thresholds required for more prescriptive CPD schemes to break-even. By comparison, a less prescriptive CPD scheme has fewer enforcement resources for CPD checks coupled with greater flexibility on the providers of CPD.

¹²² This is a hypothetical simulation of the benefit parameters adopted by Option 2 of the estate agents, agents' representatives and conveyancers reforms noting there is significant uncertainty regarding whether these are achievable given the OC reforms only target a subset of the occupation.

As discussed in section 6, greater flexibility on the providers of CPD together with more flexibility on recognised CPD activities could have implications for the quality of CPD training offered and by implications the benefits derived from CPD. For instance, a broader range of CPD providers may also introduce greater variability in the quality of training (potential reducing benefits), but the increased competition may drive down the price of CPD training offered - a key driver of CPD costs to industry.

Overall, less prescriptive CPD schemes are expected to reduce costs but may deliver lower associated benefits, highlighting a potential trade-off between cost and the effectiveness of the scheme.

6.4.4 Assessment of preferred option – OC managers

On balance, Option 2 – requiring 5 units of the Certificate IV and 5 CPD activities per annum – is identified as the preferred option because it provides the most effective balance between the costs and benefits of new initial education and CPD requirements. A less prescriptive model is preferred by the Department taking into account resourcing and legal considerations.

However, given the level of uncertainty in relation to the magnitude of benefits, it will be important for the Department to undertake a comprehensive evaluation of regulatory outcomes of the Regulations to assess the efficiency and effectiveness of the changes (see Evaluation Plan).

Stakeholders indicated strong support for Option 2 and (in some instances) even urged Government to adopt more stringent reforms reflecting the significant financial responsibilities of OC managers. Industry also raised that the benefits of these reforms are expected to grow over time as more properties are developed under the management of an owners corporation, and as more Victorians live in these properties.

7 Summary of preferred CPD options

Table 19 summarises the preferred option for government across the two areas of reform.

Table 19 Summary of options for preferred options

	Estate agents, agents' representatives and conveyancer reforms	OC Manager reforms
Preferred option identified in impact analysis	Option 2: 5 CPD activities p.a.	Option 2: 5 units of Cert IV plus 5 CPD activities p.a.
Initial education requirements	N/A – no change	5 core units from Certificate IV * exemptions are only available for those who have completed the full prior equivalent of the Certificate IV, which was superseded in 2021.
Minimum CPD activities	5 CPD activities per year	5 CPD activities per year
Mandatory vs elective CPD	2 activities in mandatory topics Up to 3 activities in elective topics. Note: proposed mandatory topics are included in the Schedules of the Draft Regulations. They are based on the national training package and are subject to consultation.	2 activities in mandatory topics and up to 3 activities in elective topics Note: proposed mandatory topics are included in the Schedules of the Draft Regulations. They are based on the national training package and are subject to consultation.
CPD Method of delivery	Activities must involve direct instruction and include at least one hour of learning	Activities must involve direct instruction and include at least one hour of learning, no assessment
CPD Training providers	- Automatic approval is given to training providers who are: - RTOs who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can declare that a CPD activity does not comply with regulations cannot be counted towards minimum annual activities.	- Automatic approval is given to training providers who are: - RTOs who are approved to offer the relevant qualification from the national training package - Prescribed organisations - Training providers must notify the BLA that they intend to offer a CPD activity and provide supporting information - BLA can declare that a CPD activity does not comply with regulations cannot be counted towards minimum annual activities.

8 Fees

This section assesses options for recovering the Department's costs of regulation of the property industry, recovered through fees from estate agents, agents' representatives, conveyancers and OC managers.

This is the first time the Department has assessed cost recovery arrangements for all four professions at the same time and using the same approach and modelling. The intention is to use the same principles and costing approach, but enabling fees to be set to reflect the costs of regulating each profession.

Options are assessed against the Base Case of current fees arrangements as well as different levels of cost recovery. As they are not currently required to be registered, agents' representatives are currently not subject to any fees. Across the other professions where fees are currently in place for licensing and registration, there is currently estimated cost recovery of 50% across the four professions, with significant variation by profession (both above and below full cost recovery, and by individual fee type).

The analysis assesses fees options against criteria based on the Pricing for Value guidelines. It is proposed to set fees reflecting full cost recovery (100% of estimated costs) for all professions. This involves introducing new fees for agents' representatives, increasing fees on average for estate agents and OC managers, and decreasing fees on average for conveyancers. Overall, this results in increased total revenue versus the Base Case (current fee arrangements) of \$1,476,602.

8.1 Need for cost recovery

This RIS considers the need for setting fees to recover the Department's cost of administering the requirements under the EA Act, the OC Act and the Conveyancers Act.

The Acts provide legal authority to prescribe fees in relation to the licensing and registration of estate agents, agents' representatives, conveyancers and OC managers in regulations as outlined in Appendix D. If fees are not prescribed in regulations, no fees apply under the Acts. Fees are currently prescribed for estate agents in the Estate Agents (Fees) Regulations 2018, for conveyancers in the Conveyancers (Fees) Regulations 2018 and for OC managers in the Owners Corporations Regulations 2018.

It is timely to undertake a review of fee arrangements. Fees have not been reviewed for several years, and new regulatory requirements established as part of the Housing Statement commitment to introduce mandatory training and licensing for property professionals will have additional associated costs for the Department.

In 2024-25 there were 17,320 licensed estate agents, 1,260 licensed conveyancers, and 579 registered OC managers in Victoria (individuals and corporations). There were also 15,898 agents' representatives working for licensed estate agents who have been notified by their employer to the BLA.

Table 20 Property professions licensed or registered in Victoria between 2020-21 and 2024-25¹²³

	2020-21	2021-22	2022-23	2023-24	2024-25
Estate agents					
Total number (individuals and corporations)	14,774	15,458	16,557	16,930	17,320
New applications lodged	1,846	2,489	1,729	1,878	1,870
Conveyancers					
Total number (individuals and corporations)	1,065	1,103	1,174	1,209	1,260
New applications lodged	101	155	101	139	101
OC managers					
Total number (individuals and corporations)	626	604	579	566	579
New applications lodged	67	57	60	71	70

The estimated costs for the Department to administer the requirements (in total across the professions) is \$16.95 million per annum (see detail in section 8.2).

Assessing the nature and extent of the problem should consider the need for fees on a 'first principles' basis, that is, to consider whether fees are needed to recover the Department's costs at all. Under this scenario, the Department would be required to make up the revenue shortfall from consolidated revenue and/or conduct its regulatory activities with fewer resources. Having zero cost recovery for regulation of the property industry is not considered feasible and there is a strong case that fees should recover the full amount of the Department's regulatory costs of from parties that give rise to the need for these regulatory activities. Without fees, the general public would cross-subsidise the provision of the regulatory framework.

There are some potential public policy reasons for why governments may in certain cases consider cost recovery of less than 100%, including the desire to avoid setting too high a barrier to entry for workers in the sector. In the context of property industry regulation for example, if fees charged to agents' representatives are set too high it might deter entry level workers from entering the sector.

These considerations are explored further in section 8.5 using the principles set out in the Department of Treasury and Finance's *Pricing for Value* guidelines.

8.1.1 Methodology used to assess fees options

The process undertaken to review fees was to:

- estimate costs of the activity/service associated with each fee type
- compare costs to current fee levels to identify the current level of cost recovery, both overall (across all activities) and on an individual fee level
- assess options against the criteria for setting fees and charges which draw on the principles set out in the Pricing for Value guide.

¹²³ Noting agents' representatives are not currently registered.

The Pricing for Value pricing principles are intended to be flexible and to be applied in a wide range of scenarios, from the State's provision of services to industry managed co-regulatory schemes. For simplicity in this RIS, the following table provides a summary of the key pricing principles considered and their interpretation.

Table 21 Pricing principles considered in this analysis

Pricing principle		Description
How much does the regulatory activity cost and who benefits?	1-3	This is an efficiency principle. Agencies should aim to recover the full costs of service provision to promote efficient consumption. The cost of service provision should be borne by those who benefit from the service. Services creating broad benefits for the community should be priced to support efficient consumption i.e. this might mean there is rationale for charging less than full cost recovery if benefits accrue to the community as well as industry.
Ability to pay	5	This is an equity principle. The price of services should not limit access to those with a lower ability to pay.
How will the price of the service impact behaviour?	8	This principle is about regulatory compliance. The fees should encourage positive compliance behaviour or actions from the regulated parties (and not incentive non-compliance e.g. driving activity underground).
Simple and easy to understand	11	Pricing structures should be easy to understand and simple to administer.

Reflecting these principles, options are considered using an MCA against the criteria outlined in the table below, with the same scoring structure as used for the MCA in Chapter 6. The criteria of efficiency and ability to pay/equity and simplicity have been given greater weightings as these criteria are the primary considerations for designing and setting fees. A lesser weight is given to regulatory compliance, as while it is a consideration, regulatory fees are not directly intended to improve regulatory compliance (that is the role of the underlying regulations).

Table 22 MCA criteria and weightings

Criteria	Weighting
Efficiency	30%
Ability to pay/equity	30%
Regulatory compliance	10%
Simple and easy to understand	30%

8.2 Estimated cost of regulation

The cost of regulation is estimated by considering the:

- Direct variable costs – the direct staff costs and other costs (e.g. credit checks, police checks) of processing particular transactions, which vary according to the volume of transactions
- Fixed direct costs – the direct and non-variable staff costs of regulating the four professions, including the staff costs of CAV's Regulatory Transaction Services operations team, the Business Services team, the Victorian Property Fund (VPF) claims processing and VPF finance team support, CAV Intelligence branch, CAV Contact centre, and CAV Investigations and Compliance Branch.
- Fixed indirect costs – corporate overhead costs including technical support.

A pro rata approach is used to allocated fixed costs to activities:

- Costs are first allocated to three categories: estate agents/agents' representatives, conveyancers and OC managers on the basis of registrations/licenses as a percentage of all property industry registrations/licences. The exception is the staff cost of the Underquoting Taskforce which has been allocated to only estate agents and agents' representatives based on the work undertaken by this function. Within each profession fixed direct costs are then allocated as follows:
 - For estate agents and agents' representatives, the total allocated cost is split between the two groups based on number of transactions (higher for estate agents because of the more complex fees structure, which also reflects regulatory effort)
 - For all professions, fees are then allocated on the basis of transactions as a percentage of all transactions¹²⁴
 - Costs are allocated to all licensing/registration transactions except estate agent branch manager approval¹²⁵ and the miscellaneous charges (late payment, extension of time, and copy of and extract of the register).
- Fixed indirect costs are allocated to all transactions on the basis of registrations/licences as a percentage of all registrations/licences in the CAV regulatory portfolio¹²⁶.

Estimated total recoverable costs is \$16.95 million per year over the forecast period, for proposed regulations, as shown in

¹²⁴ Number of transactions that are processed by CAV/BLA under the fee structure is different to number of registrations / licenses. For example, there are 17,320 estate agents' registrations/licences with 28,358 transactions due to the fee structure. In contrast, agents' representative is estimated to have 15,898 registrations with 20,135 transactions.

¹²⁵ Reflecting less regulatory effort for this category.

¹²⁶ CAV currently regulates 14 schemes requiring registration or licensing (not including agents' representatives).

Table 23. The costs of regulating estate agents and agents' representatives comprise over 95% of total costs (estate agents 54%, agents' representatives 41%, conveyancers 3%, OC managers 2%). This primarily reflects the number of estate agents licensed and agents' representatives that will be licensed or registered.

Appendix D provides a more detailed breakdown of costs.

Table 23 Estimated regulatory costs (post reforms), per annum (modelled for 2026-27), \$ p.a.

	Direct costs	Fixed direct costs	Fixed indirect costs	Total costs
Estate agents	1,097,313	7,808,326	296,262	9,201,901
Agents' representatives	1,203,461	5,544,204	210,357	6,958,022
Conveyancers	72,117	453,760	20,613	546,490
OC managers	36,997	202,100	9,181	248,278
Total	2,409,887	14,008,391	536,412	16,954,691

8.3 Fees options

This RIS considers different fee options for recovering the Department's costs of regulation:

Base Case – no change to regulations

This will involve no change to regulations, meaning:

- Current prescribed fees in the Estate Agents (Fees) Regulations 2018, Conveyancers (Fees) Regulations 2018 and Owners Corporations Regulations 2018 are retained
- There would be no prescribed fees for agents' representatives.

Option 1 – Full cost recovery for all occupations

Under this option, prescribed fees would be established for each of the professions that recover the Department's full costs of regulation. Fees for each profession would be set to recover the estimated regulatory costs for the profession.

Option 2 – Full cost recovery for all occupations except estate agents and agents' representatives, whose fees would be set on a partial cost recovery basis

Prescribed fees would be established for conveyancers and OC managers that recover the Department's full costs. Fees for each of these professions would be set to recover the estimated regulatory costs for the profession.

Prescribed fees would be established for estate agents and agents' representatives that recover less than full cost recovery compared to the costs of regulating each of these professions (i.e. partial cost recovery).

Less than full cost recovery is being considered as an option for agents' representatives reflecting the need to consider barrier to entry impacts of fees for entry level workers.

Partial cost recovery option is included for estate agents as that is the current approach and it would be a consistent with the approach for agents' representatives. Funding from the VPF currently contributes to the cost of regulating estate agents to support the partial cost recovery arrangement for estate agents. Fees were established for estate agents in the Estate Agents (Fees) Regulations 2018 with a target cost recovery level of 51.97%^{127 128}, although the estimated level of cost recovery under

¹²⁷ The cost recovery level varied by fee type. It was 43% for new licence applications, 50% for new directors, 55% for annual licence statements and 57% for existing directors.

¹²⁸ CAV, *Estate Agents (Fees) Regulations 2018 Regulatory Impact Statement*, April 2018.

the current fees with estimated costs under the proposed Regulations is 77% (see further discussion in section 8.4.1).

The VPF is a trust fund established under the EA Act to compensate individuals and corporations when an estate agent, conveyancer or their respective representatives misuse or misappropriate trust money in the course of their work. Income to the VPF comprises:

- Interest earned on deposits held in estate agents' trust accounts
- Licence fees paid by estate agents, conveyancers and owners corporations managers
- Fines and penalties paid by estate agents, and
- Investment income.

Surplus moneys held in the VPF may be used for a number of purposes specified under the EA Act including the costs of regulating estate agents. The rationale for considering additional funding from the VPF to subsidise the costs of regulating estate agents and agents' representatives, as explained in the 2018 fees RIS for estate agents¹²⁹, is that consumers are already contributing to the cost of regulating estate agents and agents' representatives by forgoing interest earned on moneys held in trust by estate agents on their behalf. The interest earned on moneys paid by buyers and tenants to estate agents and held by them in trust on behalf of sellers and landlords is paid to the VPF instead of being distributed to the parties involved in the transactions.

It is noted that conveyancers are also required to hold clients' money in trust and any interest earned on that trust money is paid to the VPF. However, their fees are currently set on a full cost recovery basis.

Option 3 – Full cost recovery for all occupations except agents' representatives, whose fees would be set on a partial cost recovery basis

Prescribed fees would be established for estate agents, conveyancers and OC managers that recover the Department's full costs. Fees for each of these professions would be set to recover the estimated regulatory costs for the profession.

Prescribed fees would be established for agents' representatives that recover less than full cost recovery compared to the costs of regulating each of these professions (i.e. partial cost recovery).

This option is included to reflect the potential trade off between economic efficiency arguments (such as price signalling about cost of regulation) and barriers to entry, and how this might differ between estate agents and agents' representatives.

The remainder of this chapter is structured as follows:

- In section 8.4, fee options are modelled for each profession.
- Section 8.5 analyses fees options against the Pricing for Value guidelines and identifies a preferred option.
- Section 8.6 sets out the proposed fees.

¹²⁹ CAV, *Estate Agents (Fees) Regulations 2018 Regulatory Impact Statement*, April 2018.

8.4 Fees modelling

8.4.1 Estate agents - fees modelling

Modelling of cost recovery under current fee settings for estate agents is shown in Table 24. The current fees are estimated to provide an overall cost recovery level of 77% with a cost deficit of \$2.1 million. This compares to the proposed cost recovery level set in 2018 when fees were set to recover around 50% of costs. It primarily reflects a larger number of estate agents which means that fixed costs are spread over a larger number of licenses and registrations (both in property industry professions and other sectors regulated by CAV/BLA). Streamlining licensing systems, such as through utilising digital platforms to lodge applications, may also have reduced fixed costs over time. Overall, this means the actual level of cost recovery has increased over time relative to the target cost recovery rate.

It is noted that individual fee types have varying levels of cost recovery, for example the application fee for a licence for an estate agent which is a corporation is recovering an estimated 105% of costs while the same for each director of that corporation is recovering 79% of costs.¹³⁰

Table 24 Estate agents - cost recovery analysis under current fee settings

Fee type	Forecast no.	Current fee unit	Current fee \$	Cost per transaction \$	Cost recovery level	Surplus / deficit \$
Application fee for a licence						
estate agent which is a corporation	561	27.79	467.15	445.50	105%	12,146
for each director of that corporation	805	18.94	318.38	402.39	79%	(67,630)
for an estate agent other than a corporation	1,401	26.11	438.91	473.50	93%	(48,461)
Annual licence fee						
estate agent which is a corporation	4,500	14.52	244.08	314.31	78%	(316,016)
for each director of that corporation	6,500	13.26	222.90	306.71	73%	(544,730)
for an estate agent other than a corporation	12,800	14.52	244.08	348.30	70%	(1,334,035)
Application for extension of time fee	1	6.74	113.30	43.45	261%	70
Late payment or lodgement fee	1,720	6.52	109.60	20.20	543%	153,778
Fees applying to a branch manager approval						
Fee for application by company for permission to hold, or continue to hold, a licence	20	2.79	46.90	87.46	54%	(811)
Extension of time	1	6.74	113.30	43.45	261%	70
Late payment	1	6.52	109.60	52.84	207%	57
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	10	80.09	1,346.31	1,654.35	81%	(3,080)
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	10	80.09	1,346.31	1,654.35	81%	(3,080)
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	10	80.09	1,346.31	1,654.35	81%	(3,080)
Fees applying to a corporation to be allowed to hold licence despite disqualifying factors						
Corporation	6	81.4	1,368.33	1,101.13	124%	1,603
Director of corporation	6	63.58	1,068.78	865.36	124%	1,220
Copy of, or extract from, register	1	6.04	101.53	89.90	113%	12
Registrar's certificate of register contents	5	7.56	127.08	58.20	218%	344
Total	28,358				77%	(2,151,625)

¹³⁰ It is unclear what has driven the differences in cost recovery across fee types. It is possible that cost structures have changed over time including potential impacts of efficiency gains from changes in regulatory and digital systems.

For estate agents, the broad fee options outlined in section 8.3 translate to the options set out below. For estate agents, Option 3 is the same as Option 1 so has not been modelled.

Table 25 Fee options considered – Estate agents

Fee type	Base case – no change to regulations	Option 1: Full cost recovery	Option 2: Full cost recovery for all occupations except estate agents and agents' representatives
Description	Current partial cost recovery fee level: 77%	Fees recover 100% of costs	Less than full cost recovery option
Modelling approach	As above, modelled at 77% using current fees	Model fees for 100% cost recovery, maintaining current fees structure	Model fees for 50% cost recovery

The modelled fee options for estate agents are outlined in Table 26. For Option 1, the late payment fee is set above cost to equal the current fee of \$109.60 reflecting the desire to disincentivise late lodgement of annual licence fees (in line with Pricing Principle 8 and support of positive regulatory compliance behaviours). Under this approach, there is a surplus of cost for this individual fee of \$153,778 (see table 24). This surplus is used to cross-subsidise lower application and annual licence fees across all estate agents, resulting in a \$5.79 reduction per transaction.

Table 26 Estate agents - cost recovery analysis under current fee settings

Fee type	Base case: Cost recovery (current)	Option 1: Cost recovery level 100%	Option 2: Cost recovery level 50%
Application fee for a licence			
estate agent which is a corporation	\$467.15	\$439.71	\$222.75
for each director of that corporation	\$318.38	\$396.61	\$201.20
for an estate agent other than a corporation	\$438.91	\$467.71	\$236.75
Annual licence fee			
estate agent which is a corporation	\$244.08	\$308.52	\$157.15
for each director of that corporation	\$222.90	\$300.92	\$153.35
for an estate agent other than a corporation	\$244.08	\$342.51	\$174.15
Application for extension of time fee	\$113.30	\$43.45	\$21.72
Late payment or lodgement fee	\$109.60	\$109.60	\$10.10
Fees applying to a branch manager approval			
Fee for application by company for permission to hold, or continue to hold, a licence	\$46.90	\$84.62	\$43.73
Extension of time	\$113.30	\$43.45	\$21.72
Late payment	\$109.60	\$109.60	\$26.42
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	\$1,346.31	\$1,654.35	\$827.18
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	\$1,346.31	\$1,654.35	\$827.18
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	\$1,346.31	\$1,654.35	\$827.18
Fees applying to a corporation to be allowed to hold licence despite disqualifying factors			
Corporation	\$1,368.33	\$1,101.13	\$550.57
Director of corporation	\$1,068.78	\$865.36	\$432.68
Copy of, or extract from, register	\$101.53	\$89.90	\$44.95
Registrar's certificate of register contents	\$127.08	\$58.20	\$29.10

8.4.2 Agents' representatives - fees modelling

Modelling of cost recovery under current fee settings for agents' representatives is shown in Table 27. No current fees are charged as agents' representatives are not currently registered.

It is noted that under the proposed fee arrangement, the following fees will be set at the same level as for estate agents (noted with an asterisk in the table) as these are not common, difficult to forecast and are expected to have the same cost structure (see Table 24):

- Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances
- Fee applying to a bankrupt person to be allowed limited right to hold licence etc.
- Fee applying to a person with criminal record to be allowed limited right to hold licence etc.
- Copy of, or extract from, register
- Registrar's certificate of register contents

They have been included in the list for completeness to show what fees will be included in the proposed Regulations.

Overall, if no fees are recovered for agents' representatives there will be an estimated cost deficit of nearly \$7 million.

Table 27 Agents' representatives - cost recovery analysis under current fee settings, annual

Fee type	Forecast no.	Current fee unit	Current fee \$	Cost per transaction \$	Cost recovery level	Surplus / deficit \$
Application for new registration	3,267	-	\$0	449.10	0%	(1,467,205)
Annual registration	15,898	-	\$0	344.14	0%	(5,471,200)
Extension of time	1	-	\$0	43.45	0%	(43)
Late lodgement	969	-	\$0	20.20	0%	(19,574)
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances*						
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.*						
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.*						
Copy of, or extract from, register*						
Registrar's certificate of register contents*						
Total	20,135				0%	(6,958,022)

For agents' representatives, the broad fee options outlined in section 8.3 translate to the options set out below. For agents' representatives, Option 3 is the same as Option 2 so has not been modelled.

Table 28 Fee options considered – Agents' representatives

Fee type	Base case	Option 1: Full cost recovery	Option 2: Full cost recovery for all occupations except estate agents and agents' representatives
Description	Current partial cost recovery fee level: 0%	Fees recover 100% of costs	Less than full cost recovery option
Modelling approach	As above, modelled at 0% using current fees	Model fees for 100% cost recovery, maintaining current fees structure	Model fees for 50% cost recovery

The modelled fee options for agents' representatives are outlined in Table 29.

Table 29 Agents' representatives - cost recovery analysis under current fee settings

Fee type	Base case: Cost recovery 0% (current)	Option 1: Cost recovery level 100%	Option 2: Cost recovery level 50%
Application for new registration	0	\$444.58	\$224.55
Annual registration	0	\$339.62	\$172.07
Extension of time*	0	\$43.45	\$21.72
Late lodgement*	0	\$109.60	\$10.10
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances*	0	\$1,654.35	\$827.18
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.*	0	\$1,654.35	\$827.18
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.*	0	\$1,654.35	\$827.18
Copy of, or extract from, register*	0	\$89.90	\$44.95
Registrar's certificate of register contents*	0	\$58.20	\$29.10

Note: * fees as per estate agents see table 24.

8.4.3 Conveyancers - fees modelling

Modelling of cost recovery under current fee settings for conveyancers is shown in

Table 30. The current fees are estimated to provide an overall cost recovery level of 248% with a revenue surplus of \$0.8 million. This reflects historical fee setting together with unit cost decreases over time as discussed for estate agents in section 8.4.1.¹³¹ The primary driver of the over-recovery is annual licence fees.

Table 30 Conveyancers - cost recovery analysis under current fee settings, annual

Fee type	Forecast no.	Current fee unit	Current fee \$	Cost per transaction \$	Cost recovery level	Surplus / deficit \$
Application for new licence, for application that is a company	45	30.19	\$507	507.57	100%	(3)
Application for new licence, for application that is a natural person	75	17.88	\$301	497.90	60%	(14,800)
Fee for application by person involved in claim for permission to hold, or continue to hold, a licence	1	108.71	\$1,827	1,688.90	108%	139
Fee for application by person with criminal record for permission to hold, or continue to hold, a licence	1	108.71	\$1,827	1,688.90	108%	139
Fee for application by company for permission to hold, or continue to hold, a licence	1	152.32	\$2,560	1,688.90	152%	872
Annual licence fee						
Application for company	390	60.94	\$1,024	351.66	291%	262,367
Application for natural person	880	60.22	\$1,012	382.85	264%	553,915
Extension of time fee	1	9.07	\$152	46.86	325%	106
Late payment or lodgement fee	87	8.03	\$135	23.61	572%	9,690
Exemption from requirement to appoint manager	4	18.45	\$310	833.08	37%	(2,092)
Employment of disqualified persons	1	18.45	\$310	1,688.90	18%	(1,379)
Certified copy of, or extract from, the Register	1	8.37	\$141	61.61	228%	79
Total	1,487				248%	809,031

For conveyancers, the broad fee options outlined above translate to the options set out in Table 31. For conveyancers, Option 2 and Option 3 are the same as Option 1 so have not been modelled.

Table 31 Fee options considered – Conveyancers

Fee type	Base case: no change to regulations	Option 1: Full cost recovery
Description	Current partial cost recovery fee level: 248%	Fees recover 100% of costs
Modelling approach	As above, modelled at 248% using current fees	Model fees for 100% cost recovery, maintaining current fees structure

The modelled fee options for conveyancers are outlined in Table 32. Setting fees at 100% of costs would result in lower fees overall. The largest decrease would be for the annual licence fees. Some fees would increase, such as for Employment of disqualified persons. As for estate agents, for Option

¹³¹ Available analysis for the previous fees setting process is not available.

1, the late payment fee is set above cost to equal the current fee reflecting the desire to disincentivise late lodgement of annual licence fees.¹³²

Table 32 Conveyancers - cost recovery analysis under current fee settings

Fee type	Base case: no change to regulations	Option 1: Cost recovery level 100%
Application for new licence, for application that is a company	\$507.49	\$500.60
Application for new licence, for application that is a natural person	\$300.56	\$490.93
Fee for application by person involved in claim for permission to hold, or continue to hold, a licence	\$1,827.42	\$1,688.90
Fee for application by person with criminal record for permission to hold, or continue to hold, a licence	\$1,827.42	\$1,688.90
Fee for application by company for permission to hold, or continue to hold, a licence	\$2,560.50	\$1,688.90
Annual licence fee		
Application for company	\$1,024.40	\$344.69
Application for natural person	\$1,012.30	\$375.88
Extension of time fee	\$152.47	\$46.86
Late payment or lodgement fee	\$134.98	\$134.98
Exemption from requirement to appoint manager	\$310.14	\$833.08
Employment of disqualified persons	\$310.14	\$1,688.90
Certified copy of, or extract from, the Register	\$140.70	\$61.61

8.4.4 OC managers - fees modelling

Modelling of cost recovery under current fee settings for OC managers is shown in Table 33. The current fees are estimated to provide a cost recovery level of 46% with a cost deficit of \$0.13 million.

Table 33 OC managers - cost recovery analysis under current fee settings, annual

Fee type	Forecast no. transactions	Current fee unit	Current fee \$	Cost per transaction \$	Cost recovery level	Surplus / deficit \$
Application for registration, for officers in effective control	65	14.26	239.71	489.44	49%	(16,232)
Annual registration, for officers in effective control	580	10.01	168.27	370.67	45%	(117,395)
Late lodgement fee	65	1	16.81	22.68	74%	(381)
Total	710				46%	(134,009)

For OC managers, the broad fee options outlined in section 8.3 translate to the options set out in the table below. For OC managers, Option 2 and Option 3 is the same as Option 1 so have not been modelled.

¹³² Under this approach, there is a surplus of cost for this individual fee of \$9,689.57 (see table 32). This surplus is used to cross-subsidise lower application and annual licence fees across all estate agents – lowering fees by \$6.97.

Table 34 Fee options considered – OC managers

Fee type	Base case – no change to regulations	Option 1: Full cost recovery
Description	Current partial cost recovery fee level: 46%	Fees recover 100% of costs
Modelling approach	As above, modelled at 46% using current fees	Model fees for 100% cost recovery, maintaining current fees structure

The modelled fee options for conveyancers are outlined in Table 35.

Table 35 OC managers - cost recovery analysis under current fee settings

Fee type	Base case: Cost recovery 46% (current)	Option 1: Cost recovery level 100%
Application for registration	\$239.71	\$489.44
Annual registration, for OC managers	\$168.27	\$370.67
Late lodgement fee	\$16.81	\$22.68

8.5 Fees options analysis

This section analyses fee options against the MCA criteria set out in section 8.1.1.

8.5.1 Analysis against criteria

Efficiency

Under the Base Case, average cost recovery across the professions under current settings is estimated to be 50% with substantial variations between the professions: estate agents 77%, conveyancers 248% and OC managers 46% with no fees currently set for agents' representatives because they are not registered. There are also large variations in cost recovery at the individual fee type level. The Base Case is assessed as very inefficient. As the Base Case, it is given a score of 0.

Option 1 recovers the full costs of regulation and reflects the different costs involved in processing licensing and registration applications and enforcement and compliance across the different professions. This ensures that the costs of regulation are more closely borne by the regulated parties who create the need for the cost and that the fees provide a signal to these parties about this cost. Having said that, a significant grouping of costs (i.e. fixed costs) is allocated using a pro-rata method which means the option is not achieving optimal efficiency i.e. there may be some cross-subsidy under this approach. This is considered likely to be a relatively small inefficiency and it is not considered desirable to try and allocate costs more closely taking into account the difficulty and costs associated with measuring costs more accurately. Compared to the Base Case, Option 1 also addresses the over recovery for conveyancers. Option 1 is given a score of +8 versus the Base Case.

Option 2 and Option 3 are less efficient than Option 1 as they recover less than full cost recovery from estate agents (under Option 2) and agents' representatives (under Options 2 and 3) and therefore provide a less accurate signal about the cost of regulation to those who create the need for the

regulation. Under Option 2, total cost recovery across all professions is 52%, while under Option 3 total cost recovery is 79%. Taking into account these cost recovery levels, Option 2 is given a score of +2 compared to the Base Case score of 0, reflecting similar total cost recovery but improved allocation of costs to the professions. Option 3 is given a score of +5 compared to the Base Case, reflecting both an improvement in estimated total cost recovery (from 50% to 79%) and improved allocation of costs to the professions.

Given current VPF funding of some regulatory costs (noting this has become quite small since fees were set in 2018, as discussed above), it is important to note the impacts of changing the current funding arrangements. This essentially involves a policy decision on the application of VPF funds to different uses as legislated under Part VII of the EA Act. The judgement about the most appropriate use of VPF monies is a Government policy decision taking into account different potential uses of the monies allowed under the EA Act. These different funding uses are not considered in RIS scoring, noting also that it is complex to consider how costs may ultimately be incurred by the professions, renters/consumers and taxpayers under different scenarios (e.g. different uses of VPF funds may have different impacts on parties).

Under Option 1 (full cost recovery), no additional funding is received from surplus VPF funds. VPF monies would be available for other uses, depending on the financial health of the VPF. Fees paid by the professions may be passed onto consumers in the form of higher prices charged for their services (e.g. property management fees for managing a residential rental property for a rental provider). This is a likely scenario although the extent of this will depend on competitive dynamics.

Under Option 2 and 3 (partial cost recovery), some additional funding is received from the VPF. Estate agents and agents' representatives would pay fees representing less than the full costs of regulation, with the balance funded by surplus funds from the VPF. It is likely that fewer costs will be passed onto consumers in the form of higher prices charged for their services.

Ability to pay/equity

It is not expected that the level of fees proposed under the Base Case and Options 1, 2 and 3 would result in an ability to pay issue for estate agents, conveyancers and OC managers. The highest proposed annual licence or application fee is \$500.60 for a conveyancer that is a company. Conveyancers, who are currently charged the highest fee, have demonstrated no ability to pay concerns to our knowledge, nor have the other professions who pay the current fee levels. Relative to other costs connected to the application process, particularly the cost of undertaking initial education, the application fee is less likely to influence a person's ability to fund an application.

Agents' representatives will be required to pay a fee, where they have not done so before. As agents representatives include entry level workers on lower wages there may be an ability to pay issue, however this is likely to be mitigated to some extent by the fact that many estate agents employing the agents representatives are likely to pay the fee on behalf of the agents' representative (they are commercially incentivised to do so if the fee is a barrier to entry and they cannot access enough workers). This risk is further mitigated under Options 2 and 3 where there is partial cost recovery and therefore a lower fee.

During targeted consultation, industry stakeholders did not indicate that they think that requiring agents' representatives to pay fees would create a barrier for new entrants to the sector.

Overall, full cost recovery is likely to have small ability to pay impacts for agents' representatives and is given a score of -3. This compares to the Base Case score of 0 where no fees are charged for agents' representatives. Option 2 and 3 set partial cost recovery for agents' representatives so are given a score of -1. There is considered to be negligible ability to pay impacts under any options for the other three professions.

Regulatory compliance

The proposed fees under all options are not considered large enough to cause any impact on the compliance behaviour of estate agents, agents' representatives, conveyancers and OC managers. For agents' representatives, even if fees are set high enough to create a barrier to entry for entry level workers to enter the industry (as discussed above), estate agents are commercially incentivised to pay the fee on behalf of the agents' representative to ensure adequate labour supply. The risk of estate agents employing unregistered agents' representatives is considered very small. All options are assessed as 0 as per the Base Case.

Simple and easy to understand

Proposed fees under all options are relatively simple and easy to understand, with a flat fee for the application and annual licence fee for each profession (and all other miscellaneous fees). The fee structures do comprise a range of fees for different activities, such as late payments fees, fees for exemptions, fees for certificates. This is particularly the case for estate agents and conveyancers. The trade off is between accuracy of cost allocation and signalling, and simplicity. Given the basic fees for most professionals will simply comprise an application fee and annual fee, the complexity of having more fees is not considered a material issue. The structure of all options is the same, therefore all options are assessed as -2 as per the Base Case, reflecting small to moderate complexity.

8.5.2 Preferred fees option

Overall, the MCA provides a weighted score of +0.9 for Option 1, -0.3 for Option 2 and +0.6 for Option 3. The scoring reflects the balancing of higher efficiency benefits from setting full cost recovery under Option 1 versus more moderate ability to pay benefits under Option 2 and 3. Option 1 – full cost recovery for all professions – is assessed as the preferred option. Overall, this results in increased total revenue versus the Base Case (current fee arrangements) of \$1,476,602.

Table 36 Summary of MCA results

	Unweighted score			Weighted score		
	Option 1	Option 2	Option 3	Option 1	Option 2	Option 3
Efficiency	8	2	5	2.4	0.6	1.5
Ability to pay/equity	-3	-1	-1	-0.9	-0.3	-0.3
Regulatory compliance	0	0	0	0	0	0
Simple and easy to understand	-2	-2	-2	-0.6	-0.6	-0.6
Total				+0.9	-0.3	+0.6

For completeness, the following table summarises the preferred fee option against each of the Pricing for Value principles.

Table 37 Assessment versus the Pricing principles considered in this analysis

Pricing for Value Principle	Assessment
1. Agencies should aim to recover the full costs of service provision to promote efficient consumption	The fees set under the preferred option recover the full costs of regulation.
2. The cost of service provision should be borne by those who benefit from the service	The fees set under the preferred option reflect the different costs involved in processing licensing and registration applications and enforcement and compliance across the different professions.
3. Services creating broad benefits for the community should be priced to support efficient consumption	By reflecting the different costs of regulatory activities, the fees set under the preferred option provide a signal to these parties about the cost of regulation.
4. The cost of interagency services should be borne by the user agency	Not applicable.
5. The price of services should not limit access to those with a lower ability to pay	The fees set under the preferred option are not considered to limit access to those with a lower ability to pay.
6. Users should pay for differentiated service based on the value created by that differentiation	No applicable.
7. The public should share in the value generated by pricing based on user differentiation	Not applicable.
8. Pricing should support positive behaviours	The fees set under the preferred option do not create disincentives in relation to regulatory compliance. Lodgement fees are set higher than cost to create an incentive to lodge annual licence fees on time.
9. Pricing should ensure sustainable usage of public services and reflect the value of natural resources	The fees set under the preferred option provide a signal to these parties about the cost of public services. Consideration of the value of natural resources is not applicable to this assessment.
10. Where services are in competition with the private sector, pricing should be relative to market prices	Not applicable.
11. Pricing structures should be easy to understand and simple to administer	Proposed fees under all options are relatively simple and easy to understand, with a flat fee for the application and annual licence fee for each profession (and all other miscellaneous fees).
12. Pricing arrangements should be monitored annually and reviewed periodically	The Department will monitor pricing arrangements annually. Fees will be assessed as part of a sunseting review of the Regulations.

8.6 Proposed fees

The following tables set out proposed fees (fee units and dollar values) for each profession. The DTF fee unit used is for 2025-26 (\$16.81).

Table 38 Estate agents – proposed fees to take effect from 25 November 2026

Fee type	Fee unit	Fee
Application fee for a licence		
estate agent which is a corporation	26.16	\$439.71
for each director of that corporation	23.59	\$396.61
for an estate agent other than a corporation	27.82	\$467.71
Annual licence fee		
estate agent which is a corporation	18.35	\$308.52
for each director of that corporation	17.90	\$300.92
for an estate agent other than a corporation	20.38	\$342.51
Application for extension of time fee	2.58	\$43.45
Late payment or lodgement fee	6.52	\$109.60
Fees applying to a branch manager approval		
Fee for application for permission to hold, or continue to hold, a licence	5.03	\$84.62
Extension of time	2.58	\$43.45
Late payment or lodgement fee	6.52	\$109.60
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	98.41	\$1,654.35
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	98.41	\$1,654.35
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	98.41	\$1,654.35
Fees applying to a corporation to be allowed to hold licence despite disqualifying factors		
Corporation	65.50	\$1,101.13
Director of corporation	51.48	\$865.36
Copy of, or extract from, register	5.35	\$89.90
Registrar's certificate of register contents	3.46	\$58.20

Table 39 Agents' representatives – proposed fees to take effect from 25 November 2026

Fee type	Fee unit	Fee
Application for new registration	26.45	\$444.58
Annual registration	20.20	\$339.62
Extension of time	2.58	\$43.45
Late lodgement	6.52	\$109.60
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	98.41	\$1,654.35
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	98.41	\$1,654.35
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	98.41	\$1,654.35
Copy of, or extract from, register	5.35	\$89.90
Registrar's certificate of register contents	3.46	\$58.20

Table 40 Conveyancers – proposed fees to take effect from 25 November 2026

Fee type	Fee unit	Fee \$
Application for new licence, for application that is a company	29.78	\$500.60
Application for new licence, for application that is a natural person	29.20	\$490.93
Fee for application by person involved in claim for permission to hold, or continue to hold, a licence	100.47	\$1,688.90
Fee for application by person with criminal record for permission to hold, or continue to hold, a licence	100.47	\$1,688.90
Fee for application by company for permission to hold, or continue to hold, a licence	100.47	\$1,688.90
Annual licence fee		
Application for company	20.51	\$344.69
Application for natural person	22.36	\$375.88
Extension of time fee	2.79	\$46.86
Late payment or lodgement fee	8.03	\$134.98
Exemption from requirement to appoint manager	49.56	\$833.08
Employment of disqualified persons	100.47	\$1,688.90
Certified copy of, or extract from, the Register	3.67	\$61.61

Table 41 OC managers – proposed fees to take effect from 25 November 2026

Fee type	Fee unit	Fee
Application for registration	29.12	\$489.44
Annual registration, for OC managers	22.05	\$370.67
Late lodgement fee	1.35	\$22.68

9 Small business impacts and competition assessment

This chapter discusses the impact on competition and small business of the preferred options.

9.1 Small business impacts

This section assesses the impacts on small businesses. The Australian Bureau of Statistics (ABS) defines a small business as having fewer than 20 employees.

ABS data as at June 2024 for the number of real estate businesses in Victoria, categorised by number of employees, is shown in Table 42. It is noted that this category includes owners corporation management businesses, which does not have its own ABS categorisation.

Table 42 Number of real estate industry businesses (as per ANZSIC Industry label 6720¹³³), June 2024

	Non employing	1-4 Employees	5-19 Employees	20-199 Employees	200+ Employees	Total
No. of businesses	6,468	2,356	1,123	211	3	10,161
%	63.7%	23.2%	11.1%	2.1%	0.0%	

Based on this data, about 85% per cent of businesses being considered in this analysis are non-employing or employ 1-4 people, noting this number does not include conveyancers for which data is not available.

The cost of CPD includes paying for CPD courses and the cost of time to undertake the CPD. A significant proportion of businesses in the industry are small businesses employing between 1 and 19 employees. It is assumed that most of these businesses will bear the cost of CPD for their employees. This cost might be absorbed by the business (lowering profits) or – depending on competition in the market – passed on to customers. Some employees may have to pay for their own CPD.

The requirement for CPD applies to all businesses equally and we broadly expect costs to be proportionate to business size (using employees as a measure of size). Impacts on small businesses will depend on the extent to which CPD is currently being undertaken voluntarily.

OC managers will also have to undertake initial education, which is a significant cost as discussed in section 6.4. Given the requirements only apply to OC managers who are registered as individuals or who are officers in effective control, the cost applies once per business.

OC managers will also have to undertake initial education. For OC managers, one individual per business (the officer in effective control or, if the business is a sole trader, the individual who is registered as an OC manager) will need to undertake initial education and CPD. It is likely this will be

¹³³ Includes Broking service (real estate), Real estate agency service, Real estate auctioning service, Real estate management service, Real estate rental agency service, Time share apartment management service, Valuing service (real estate).

the business owner or a senior employee. Initial education is a significant cost for those who have not already undertaken units from a Certificate IV; it will proportionately impact small businesses more than large businesses as each business only needs one person to complete the requirement (i.e. comparing cost to a business's total revenue/costs). This cost will be absorbed by the small business or passed on to customers.

9.2 Competition assessment

The amendments will increase barriers to entry, particularly for OC management firms where the officer in effective control or individual registrant is required to undertake units from a Certificate IV and CPD activities. This might particularly impact small businesses which are non-employing or employ a very small number of employees.

There may also be impacts on people entering the market as labour supply as a result of CPD requirements, although this is not considered to result in a large impact because the requirements are not considered onerous; it is also likely that commercial incentives will encourage businesses to support employees undertake to CPD.

Table 43 Competition assessment

Question	Summary	Description
Will the proposed legislative change likely affect the market structure of relevant sectors? That is, will it reduce the number of firms in the market, or increase the size of incumbent firms?	No	While the changes will add costs, the changes are unlikely to be significant enough to impact the number of firms in the market (entering or exiting).
Will it be more difficult for new firms or individuals to enter relevant sectors after implementing the proposed legislative change?	Yes – there will be increased barriers to entry	To start a new business, entrants must meet the CPD and, for OC managers initial education, requirements
Will the costs and benefits associated with the proposed legislative change disproportionately affect some sectors or individuals more substantially than others?	Yes – they may impact small businesses more than large businesses	While the proposal applies equally to all businesses, costs are likely to be proportionately larger for small businesses. This is particularly the case for initial education requirements for OC managers where the cost of education for one officer in effective control can be spread across a large cost base for larger businesses.
Will the proposed legislative change restrict the ability of businesses to choose the price, quality, range or location of their products?	No	This is unlikely to be a factor.
Will the proposed legislative change lead to ongoing higher costs for new market	No	The changes apply equally.

Question	Summary	Description
entrants that incumbents do not have to incur?		
Is the ability or incentive to innovate, research and develop new products likely to be affected by the proposed legislative change?	No	This is unlikely to be a factor.
Will the proposed legislative change lead to any challenges in accessing international markets?	No	This is not relevant to this sector or changes being considered.

10 Implementation plan

This chapter outlines the implementation plan for the preferred options.

This implementation plan identifies the key activities that need to be undertaken to support the implementation of the preferred option. For each activity the following questions are addressed:

- what needs to be done?
- who will be doing it?
- when will it be done?
- who will monitor implementation (including identification and management of implementation risks)?

The Department recognises that some time will be needed for industry, CAV (including the BLA), and education providers to prepare for the new requirements.

Table 44 shows key activities and timelines for the preferred option to be implemented.

Table 44 Key implementation activities

Key activity area	Description	Responsibility	Timing
Regulations			
Finalise making of Regulations	Public feedback sought and responded to, Regulations finalised. Governor In Council makes Regulations.	DGS	Early 2026
Implementation and transition period			
Establish short/medium term and ongoing resource support	Undertaking resource planning, budgeting and recruiting across all streams of implementation and ongoing administration of the schemes.	CAV	2026
Develop CPD compliance and enforcement policy and processes	Develop policy and processes for how compliance with CPD requirements for professionals and training providers will be checked and enforced.	CAV	2026
Business and technical requirements for CPD requirements	Develop business and technical requirements for administering the new requirements.	CAV/BLA	2026-2027

Key activity area	Description	Responsibility	Timing
CAV/BLA IT system changes	Develop IT systems required for administration of CPD requirements	CAV/BLA	2026-2027
Property industry guidance/communication program	Communicate with industry about new requirements, publish guidance materials	DGS	2026-2028
Evaluation planning			Evaluation planning
Evaluation strategy development and data collection	Develop evaluation strategy (see Chapter 9) including review of data and areas for improvement, establish data collection plan	DGS, with CAV input	For full evaluation, 2030
New requirements apply			
Enquiries management	Answer enquiries from practitioners about new requirements	CAV/BLA	From 1 April 2027
Compliance and enforcement action taken	Undertake compliance and enforcement activity	CAV/BLA	From 31 March 2028
Ongoing policy work			
Mandatory topics for CPD	Ongoing work (potentially every two years) to review mandatory topics and consider updates to those topics	DGS	Ongoing

10.1 Key transition matters

A range of transitional requirements will need to be developed to allow new and existing licensees and registered individuals to transition to the new requirements. Detail for these will be developed as part of the legislation and regulations to implement the reforms. Set out below are preliminary considerations for transition arrangements.

The following transitional arrangements are outlined for the preferred option.

The transitional arrangements will also be informed by further consultation. In particular, consultation with the training industry will be required to determine how soon new education requirements can be developed and brought to market for the different property occupations. As OC managers are not currently subject to any mandatory initial education or CPD in Victoria, it is likely to take training providers longer to develop and scale-up these training offerings.

These transitional arrangements assume that the Regulations are made in early 2026.

- **Conveyancers, agents' representatives and estate agents – new CPD to apply from 1 April 2027**
 - There would be around a 12 month lead-in period for training providers to develop CPD activities. From 1 April 2027, agents' representatives and estate agents would then be required to undertake CPD.
 - After that time, conveyancers, estate agents and agents' representatives would need to undertake CPD each year.
 - The 12 month lead-in period also allows time for existing agents' representatives to provide their contact information to the BLA to support the new registration scheme (which was introduced in the Housing Statement Reform Act, which is not in the scope of this RIS).
- **OC managers – new initial education to apply from 30 June 2027**
 - There would be around a 15 month lead-in period for training providers to develop initial education and for OC managers to undertake it.
 - This would include both individuals currently registered as OC managers operating for fee or reward and individuals employed to run an OC management business.
 - From 30 June 2027, new OC management companies will need to appoint an OIEC and the OIEC will need to apply to register. In order to register, the OIEC will need to have completed initial education.
 - From 1 August 2027, existing natural persons registered as OC managers before 30 June 2027 will need to have completed initial education and provide evidence of the completion of the education to the BLA.
 - Also from 1 August 2027, existing OC management companies registered as OC managers before 30 June 2027 will need to appoint an OIEC and the OIEC will need to apply to register. In order to register, the OIEC will need to have completed initial education.
- **OC managers – new CPD to apply from 1 April 2028**
 - After OC managers have completed their initial education (by June 2027), there would be a 9 month lead-in period for training providers to develop CPD activities. From 1 April 2028, OC managers would then be required to undertake CPD.
 - This will allow OC managers to finish their initial education before refreshing their skills and knowledge through CPD.
 - After that time, OC managers would need to undertake CPD each year.

11 Evaluation strategy

This chapter outlines an evaluation strategy which has been developed to assess the effectiveness and efficiency of the proposed regulatory changes.

Comprehensive evaluation is critical given the uncertainty associated with the benefits of CPD, as discussed throughout this RIS.

An evaluation strategy has been developed to evaluate the effectiveness and efficiency of the proposed legislative changes. The evaluation strategy will consider the extent to which the changes are meeting the primary purpose of the reforms being considered, which is to make renting in Victoria fairer and safer by increasing the competency of professionals working in the real estate industry.

As per the Victorian Guide to Regulation the evaluation strategy considers the following questions:

- Who will do it
- When will it be done
- What will be evaluated
- How it will be done

11.1 Who will undertake the evaluation and when?

The Department will have responsibility for undertaking the evaluation with significant inputs from CAV and BLA.

It is proposed that a full evaluation of the legislation and regulations will commence in 2030, two years following the commencement of CPD requirements for OC managers. This evaluation will be in addition to frequent ongoing engagement undertaken by the Department on matters across the residential tenancies, real estate, OC management and conveyancer policy areas.

This timeframe enables a fair and effective review of the impact of the legislative reforms and associated regulations. The new education and CPD requirements prescribed in regulations would likely have been in full effect for at least three years by the time the review commences.

The section below details a plan for how the evaluation will be undertaken.

11.2 What will be evaluated and how it will be done

An evaluation framework comprises of an evaluation logic map, key evaluation questions, a set of data indicators and sources.

Evaluation logic map

An evaluation logic map demonstrates links between inputs, activities, outputs and outcomes within the context of a legislative objective. An example of the evaluation logic map is provided below.



Evaluation questions

A preliminary set of key evaluation questions are designed to assess the problem (need for legislative reform), the effectiveness and efficiency of the legislation and regulations in achieving their objective(s) and whether there have been any unintended consequences.

A key area of interest in the evaluation will be assessing the effectiveness of CPD in improving competency for property industry professionals and the extent to which improved competencies produce better outcomes (including for renters).

Potential evaluation questions are outlined in Table 45. Potential data sources are identified.

In relation to data sources, the evaluation will adopt a mixed methods approach using a combination of qualitative and quantitative evidence to answer the evaluation questions. Qualitative data could be collected through interviews, surveys, focus groups, written submissions, or publicly available documents and reports. Given the complex legislative environment and external economic factors that can impact outcomes, the measurement of effectiveness using data sources may be challenging. There is likely to be significant reliance on feedback from key stakeholders in regard to effectiveness of the changes.

Table 45 Evaluation questions

Key evaluation question	Examples of evaluation sub-questions	Data sources
Problem What is the evidence to support the continued need for the legislative reform, and what was the role for Government in delivering this?	1. What was the evidence of the need for legislative and regulatory change (i.e., problems that existed prior to legislative reform)? 2. Does the legislative reform continue to be the best way to address the problem?	• LIA and RIS documents setting out the problem. • Data sources as per effectiveness below, and taking into account any changes in industry.
Effectiveness: What is the evidence of the legislative reform's progress towards its stated objectives and expected outcomes?	3. What were the legislative objectives and intended outcomes of the reforms? 4. To what extent have the legislative reforms (including changes to related subordinate regulations) improved outcomes for: ○ Victorian renters? ○ Buyers/sellers? ○ Property owners? 5. To what extent have external factors influenced outcomes?	• Housing Statement, LIA and RIS documents setting out the problem. • Activity data such as education attainment data (from BLA entry checks), CPD completion (availability of this will depend on scheme design), • Output data such as CAV complaints and enquiries data, VCAT case data, compliance and enforcement activity data. Stakeholder engagement with key groups such as Tenants Victoria, publicly available reports on experience of renters. • Data and evaluations for similar schemes in other jurisdictions. • Consideration of available information on external factors, such as rental supply/demand, rental prices, housing sector, labour shortages, other legislative changes.

Key evaluation question	Examples of evaluation sub-questions	Data sources
Funding/delivery: Has the legislative reform been delivered within its scope, budget, expected timeframe?	6. Has the legislative reform been delivered within its original scope, budget and expected timeframe? 7. If not, what were the challenges and how were they addressed? 8. What was the overall cost of the legislative reforms, and which stakeholders were most impacted? 9. Were any particular stakeholders disproportionately impacted?	• DGS/CAV/BLA budget information, original timeframes, project management information such as project plans, operational information (e.g. resourcing), interviews with key manages and staff. • Quantitative estimates of costs drawing on government financial information, understanding of implemented process requirements, and stakeholder engagement on costs.

Data improvement

As part of the implementation process for the proposed legislative reforms, the Department will undertake a review of existing data sources to assess gaps in data to assess and identify data improvement needs. This will include considering whether new types of data/information will need to be collected to better understand the impact of the new legislation (and regulations). This may include any potential improvements to CAV data such as complaints and enquiries data to better enable effective evaluation of the legislative reforms.

Appendix A: Stakeholder consultation

Who took part in consultation?

As part of this RIS process, Sapere consulted with the following key stakeholders:

- Real Estate Institute of Victoria (REIV)
- Strata Communities Association Victoria (SCAV)
- Australian Institute of Conveyancers (Victoria)
- Australian Livestock and Property Agents Association (ALPA)
- Real Estate Buyers Agents Association
- Australian Institute of Business Brokers
- Tenants Victoria
- Victorian Council of Social Services (VCOSS)
- Strata Owners Alliance
- Owners Corporation Network.

How were they consulted?

Sapere undertook one-on-one consultations with each stakeholder.

What information was collected?

The consultations with stakeholders focused on collecting views on the problem and the proposed options, including potential costs and benefits. Particular issues that generated significant discussion were the number and type of CPD activities to be undertaken, and what education providers would be enabled to provide CPD under the proposed Regulations.

How has this information been incorporated into the RIS

The information gathered has been incorporated in the RIS to inform the analysis of the of costs and benefits associated with the proposed Regulations including identifying the industry compliance costs and benefits assumptions.

Appendix B: Other jurisdictions' regulatory requirements

Other Australian jurisdictions have varying levels of regulation for their property industry professionals. Table summarises the CPD and licensing requirements for estate agents, agents' representatives, OC managers (or equivalent) and conveyancers for each jurisdiction. The table shows whether a licensing or registration is required, as well as education requirements.

Some caution is required for direct comparisons of jurisdictions given the respective professions' differences in scope of work as well as differences in broader legislative frameworks relating to residential tenancies.

Estate agents are the most regulated profession of the three real estate professions. In all jurisdictions, estate agents are either licensed or require registration. All jurisdictions impose initial education requirements. Excluding Victoria, five out of seven jurisdictions currently require CPD. Queensland is a recent addition, as of June 2025, all property agents (including estate agents and agents' representatives) must complete mandatory CPD to maintain their licence or registration.

Victoria is the only jurisdiction that does not require agents' representatives to be registered or licensed (noting there are eligibility requirements for working as an agents' representatives but these are verified by the estate agent who employs them). As for estate agents, five out of the seven other jurisdictions impose CPD requirements on their agents' representatives (or equivalent).

Table B1: Licensing and education requirements for estate agents and agents' representatives

State/Territory	Estate Agents			Agents' representatives (or equiv.)		
	Registration (R)/ Licence (L)	Initial education	CPD (p.a.)	Registration (R)/ Licence (L)	Initial education	CPD (p.a.)
Victoria	L	✓	x	x	✓	x
Australian Capital Territory (ACT)	L	✓	12 points	R	✓	12 points
New South Wales (NSW)	L	✓	5 hours	R	✓	3 Cert IV units
Queensland	L	✓	2 units	R	✓	2 units
South Australia	R	✓	x	R	✓	x
Tasmania	L	✓	12 points	L	✓	12 points
Western Australia (WA)	L	✓	10 points	R	✓	10 points
Northern Territory (NT)	L	✓	x	R	✓	x

Source: Developed by Sapere from various sources.

OC managers have varying levels of regulation across Australia. Victoria, NSW, the ACT and the NT require OC managers to be registered or licensed. WA does not require OC managers to be registered or licensed, though it imposes education and competency requirements to be eligible for the

protected title of strata manager (the equivalent to an OC manager). Only ACT and NSW impose mandatory initial education requirements and CPD on their OC managers¹³⁴.

Table B2 Licensing and education requirements for OC managers

State/Territory	Registration (R)/Licence (L)	Initial education	CPD (p.a.)
Victoria	R ¹³⁵	x	x
ACT	L	✓	8 points
New South Wales	L	✓	5 hours
Queensland	x	x	x
South Australia	x	x	x
Tasmania	x	x	x
Western Australia	x ¹³⁶	✓	✓
Northern Territory	L	x	x

Source: Developed by Sapere from various sources.

Conveyancers are required to be licensed or registered and undertake initial education in six out of eight jurisdictions (including Victoria). Queensland and ACT do not permit licensed conveyancer to operate independently, with the work carried out by a legal practitioner. Only NSW and WA impose mandatory CPD on their conveyancers.

Table B3 Licensing and education requirements for Conveyancers

State/Territory	Registration (R)/Licence (L)	Initial education	CPD (p.a.)
Victoria	L	✓	x
ACT	x	x	x
New South Wales	L	✓	5 points
Queensland	x	x	x
South Australia	R	✓	x
Tasmania	L	✓	x
Western Australia	L	✓	6 points
Northern Territory	L	✓	x

Source: Developed by Sapere from various sources.

¹³⁴ Note that in ACT the requirement is only for those OC managers who act as "as a business".

¹³⁵ In practice, only OC managers operating as a business are registered, whether as corporations or individual operators (e.g. sole traders).

¹³⁶ Eligibility requirements for strata managers in Western Australia are enforced through the contract strata managers have with the strata company, rather than through a licensing or registration scheme (see Part 13, Strata Titles (General) Regulations 2019).

Appendix C: Options analysis data and assumptions

Table C1 Key data and assumptions used across all cost and benefit modelling

Description	Data/assumption	Source
Model parameters		
Key model parameters	- Modelling period – FY26 to FY38 with reforms commencing at various time periods, but overall demonstrating at least 10 years of impact - Real discount rate applied to cash flows – 4% p.a. - Inflation rate (using CPI) - 2.75% p.a. based on long term forecast for FY26 and FY27 - Wage Price Index – 3.25% p.a. based on FY26 to FY29	Sapere modelling assumption DTF Technical Guidelines on Economic Evaluation¹³⁷ DTF Budget Report – Macroeconomic indicators¹³⁸
Timing of requirements commencing	- Estate agent, agents' representatives and conveyancers CPD requirements commence in April 2027 (policy intent), or FY28 in the analysis - OC managers initial education requirements commence in June 2027 (policy intent), or FY28 in the analysis - OC managers CPD requirements commence in April 2028 (policy intent), or FY29 in the analysis	Sapere modelling assumptions based on DGS policy
Number of practitioners		
Estate agents	- Estate Agent Licenses (as of FY25): 18,694 - Average annual rate of applications for new Estate Agent Licences 8.7% p.a. from CAV data - Net movements p.a.: average 2% p.a. growth from CAV data - Estimated total agents in any given year = previous years' total + net movements where net movements p.a. (i.e., number of people entering industry less number of people exiting industry) - Total estate agents: 19,068 in FY26 increasing to 24,183 in FY38	CAV Sapere modelling Sapere modelling based on CAV data
Agents' representatives	- Agents' representatives on CAV register as of FY25: 15,961 from CAV data - Average annual rate of agents' representatives commencing (i.e., new entrants): 20.5% p.a. from CAV data - Net movements p.a.: average 4% p.a. growth from CAV data	CAV Sapere modelling based on CAV data

¹³⁷ DTF. (2013). [Economic Evaluation for Business Cases Technical guidelines](#), Pg25.

¹³⁸ DTF. (2024). [MACROECONOMIC INDICATORS – Macroeconomic data 2024-24 Budget](#).

Description	Data/assumption	Source																		
	Total agents' representatives: 16,599 in FY26 increasing to 26,576 in FY38																			
Conveyancers	- Total conveyancer licences (as of FY25): 1,410 - Average annual rate of applications for new conveyancer licences 7% p.a. - Net movements p.a.: average 2% p.a. growth from CAV data - Total conveyancers: 1,438 in FY26 increasing to 1,824 in FY38	CAV Sapere modelling based on CAV data																		
OC managers	- Total Registered OC Managers (as of FY25): 628 - Average annual rate of applications for new OC manager registrations 7.6% p.a. - Net movements p.a.: average 0.2% p.a. growth from CAV data - Total OC managers: 629 in FY26 increasing to 645 in FY38	CAV Sapere modelling based on CAV data																		
Cost of time																				
Estate agents and OC managers	- Cost of time, no loading FY23 \$/hr: \$83.12 or \$91.49 in FY26 when inflated by the Wage Price Index - Loading for staff: 75% - Total cost of time including loading \$/hr: \$160.11	ABS total weekly earnings by ANZSCO for chief executives and managing directors in May 2023, \$3,158 per week ¹³⁹ Inflated using DTF wage index ¹⁴⁰																		
Agents' representatives	- Cost of time, no loading FY23 \$/hr: \$37.12 or \$40.86 in FY26 when inflated by the Wage Price Index - Loading for staff: 75% - Total cost of time including loading \$/hr: \$71.51	ABS total weekly earnings by ANZSCO for real estate agent in May 2023, \$1,410 per week ¹⁴¹ inflated using DTF wage index																		
Conveyancers	- Cost of time, no loading FY23 \$/hr: \$60.80 or \$66.92 in FY26 when inflated by the Wage Price Index - Loading for staff: 75% - Total cost of time including loading \$/hr: \$117.11	ABS total weekly earnings by ANZSCO for Solicitor in May 2023, \$2,310 per week ¹⁴² inflated using DTF wage index																		
Government costs – staffing	<table> <tr> <th>Position level</th><th>Mid-point salary</th><th>With 75% loading</th></tr> <tr> <td>VPS 2</td><td>\$70,929</td><td>\$124,125</td></tr> <tr> <td>VPS 3</td><td>\$90,226</td><td>\$157,895</td></tr> <tr> <td>VPS 4</td><td>\$107,685</td><td>\$188,449</td></tr> <tr> <td>VPS 5</td><td>\$128,631</td><td>\$225,104</td></tr> <tr> <td>VPS 6</td><td>\$166,937</td><td>\$292,140</td></tr> </table>	Position level	Mid-point salary	With 75% loading	VPS 2	\$70,929	\$124,125	VPS 3	\$90,226	\$157,895	VPS 4	\$107,685	\$188,449	VPS 5	\$128,631	\$225,104	VPS 6	\$166,937	\$292,140	EBA wage bands 2024 applied to a 38 hour work week and 52 week year
Position level	Mid-point salary	With 75% loading																		
VPS 2	\$70,929	\$124,125																		
VPS 3	\$90,226	\$157,895																		
VPS 4	\$107,685	\$188,449																		
VPS 5	\$128,631	\$225,104																		
VPS 6	\$166,937	\$292,140																		

¹³⁹ ABS. (2024, May). [ABS 63060DO011 202305 Employee Earnings and Hours, Australia, May 2023](#)

¹⁴⁰ DTF. (2024). [MACROECONOMIC INDICATORS – Macroeconomic data 2024-24 Budget](#)

¹⁴¹ ABS. (2024, May). [ABS 63060DO011 202305 Employee Earnings and Hours, Australia, May 2023](#)

¹⁴² ABS. (2024, May). [ABS 63060DO011 202305 Employee Earnings and Hours, Australia, May 2023](#)

Description	Data/assumption	Source
	VPS 7 \$228,859 \$400,502	
% of practitioners currently undertaking CPD (voluntarily)		
Estate agents, agents' representatives	Already meeting requirements: 60% Partially meeting (half): 10% None: 30% <i>*Note for all options that only require 2 CPD activities p.a.: those 'partially meeting' are added to those 'already meeting' because they are assumed to be completing 2.5 hours CPD p.a.</i>	Assumption tested with stakeholder and benchmarked against assumptions used in RISs from other jurisdictions
Conveyancers	Already meeting requirements: 28% Partially meeting (half): 16% None: 57%	Assumption based on AIC VIC membership as a proportion of total conveyancers
OC managers	Already meeting requirements: 80% Partially meeting (half): 5% None: 15%	Assumption drawn from SCAV indicating they represent 80% of all professional OC managers ¹⁴³ . SCAV members are required to do more CPD than that required for the options in this RIS.
Number of additional CPD hours needed to be completed by practitioners to meet requirements		
All property industry professionals – for Options requiring 2 CPD activities p.a.	Additional CPD for those: • Already meeting requirements: 0 additional hours of CPD p.a. • Partially meeting (half): 0 additional hours of CPD p.a. • None: 2 additional hours of CPD p.a.	Sapere assumptions
All property industry professionals – for Options requiring 5 CPD activities p.a.	Additional CPD for those: • Already meeting requirements: 0 additional hours of CPD p.a. • Partially meeting (half): 2.5 additional hours of CPD p.a. • None: 5 additional hours of CPD p.a.	Sapere assumptions
Cost of undertaking CPD		
Cost of CPD course (All property industry professionals)	• Weighted average of CPD courses by occupation at \$55.21 per hour of CPD	Data collected from REIV, Australian College of Professionals, AIC VIC, AIC NSW and SCAV
Cost of time of undertaking CPD	• As per cost of time assumptions above	
Cost of undertaking initial education – OC managers		
Proportion of OC managers with Certificate IV	• Assumed 80% of registered OC Managers hold Certificate IV in Strata Community Management	Sapere assumption based on SCAV membership

¹⁴³ SCA. (2024). [Strata Community Association Victoria](#)

Description	Data/assumption	Source
	- under Base Case as SCAV represents more than 80% of all OC management firms - Remaining 20% of industry required to meet Certificate IV requirements	
Cost per unit to obtain Certificate IV or units thereof	Average costs to attend Certificate IV unit \$167.18 per hour based on course fees for 7 providers per Australian Government Training website¹⁴⁴ divided by 18 units in the Certificate.	Strata Pathways, Australian College of Professionals, Interaction Consulting, Real Estate Academy of Learning, Real Estate Training Solutions, Academic Pavillion, Real Estate institute of WA.
Time to complete Certificate IV	Certificate IV in Strata Community Management requires 430 hours of study across 18 units so average 23.9 hours per unit.	WA Government Dept of Training and Workforce Development ¹⁴⁵
Cost of time to complete Certificate	<i>As per cost of time assumptions above</i>	
Time to demonstrate compliance with education requirements	Assumed 30 minutes per OC manager, for all OC managers	Sapere assumption
Costs to government		
Implementation and ongoing compliance & enforcement costs - for estate agents and agents' representatives	All options: Assumed \$300,000 implementation costs for system changes etc. split over two years. Ongoing costs = 15% of practitioners subject to spot check x 30 min per check (for 2 CPD activities) or 1 hour per check (for 5 CPD activities) x VPS4 wage + \$143,624 p.a. for system licensing	Costed from ground up with DGS and CAV. Spot check rate matches rates used in other professions.
Implementation and ongoing compliance & enforcement costs - for OC managers	All options: Assumed \$30,000 implementation costs for system changes etc. split over three years. Ongoing CPD monitoring: 15% of practitioners subject to spot check x 30 min per check for 2 CPD activities or 1 hour per check for 5 CPD activities x VPS4 wage + \$2,500 p.a. for system licensing Ongoing education checks: All practitioners (in FY28) or new practitioners (FY29 onwards) x 15 minute check (for 2 units Certificate IV) or 30 minute check (for 5 units Certificate IV) or 1 hour check (for full Certificate IV) x VPS4 wage	Costed from ground up with DGS and CAV. Spot check rate matches rates used in other professions.
Number of enquiries, complaints and disputes going to CAV and VCAT (related to estate agents, agents' reps and conveyancer reforms)		
Reduced enquiries to CAV	No. resolved enquiries to CAV relating to renting issues was 64,516 and resolve contacts for estate agents was 6,674 in FY25.	CAV complaints data 2024-25 VCAT annual reports

¹⁴⁴ Australian Government. (2025). Qualification [CPP40521 Certificate IV in Strata Community Management](#).

¹⁴⁵ WA Government Dept of Training and Workforce Development. (2023). [CPP40521](#)

Description	Data/assumption	Source
	- Growth rate of enquiries/complaints/disputes is 14% p.a. based on average growth FY22-FY23 and FY23-FY24 - Assume 20% of these relate to performance of agent/agent reps/conveyancers - Reduction attributable to reforms: 4% for Option 1 (2 CPD activities) and 10% for Option 2 (5 CPD activities)	Sapere assumption Sapere assumption, noting QLD RIS applied 35% reduction for its Option 2 equivalent
Reduced applications to VCAT	41,263 residential tenancies VCAT applications p.a. of which 81% proceed to hearings and 19% non-hearing cases - Growth rate of enquiries/complaints/disputes is 14% p.a. as above - Assume 20% of these relate to performance of agent/agent reps/conveyancers as above - Reduction attributable to reforms: 4% for Option 1 (2 CPD activities) and 10% for Option 2 (5 units CPD) as above	VCAT annual reports VCAT annual reports Sapere assumption Sapere assumption, noting QLD RIS applied 35% reduction for its Option 2 equivalent
Reduced calls to VCAT and CAV	63,327 calls to VCAT relating to residential tenancies in FY23 and 118,279 calls to CAV in FY24 relating to residential tenancies and RTBA - Growth rate of enquiries/complaints/disputes is 14% p.a. as above - Assume 20% of these relate to performance of agent/agent reps/conveyancers as above - Reduction attributable to reforms: 4% for Option 1 (2 CPD activities) and 10% for Option 2 (5 CPD activities) as above	VCAT Annual Report FY23 and CAV Annual Report FY24 VCAT annual reports Sapere assumption Sapere assumption, noting QLD RIS applied 35% reduction for its Option 2 equivalent
Time and cost per enquiry, complaint and dispute (related to estate agents, agents' reps and conveyancer reforms)		
Time per enquiry to CAV	1 hour per enquiry for renter, based on time taken to find information about who to call, make the call (including waiting time) - Cost of time for renter is \$94.73 per hour (including loading) based on average weekly earning for all Victorians in Nov 2024. - Cost of time for CAV is 0.25 hrs at VPS 4 wage	Sapere assumption based on anecdotal evidence from discussions with DGS. ABS weekly earnings data for November 2024 Sapere assumption
Time and cost per application to VCAT – with hearing	- VCAT residential tenancies application costs \$200 per application 8 hours per application if it proceeds to a hearing for renter, 6 hours for agent - Cost of time for renter is \$94.73 per hour as above - Cost of time for agent is \$160.11 per hour as above	VCAT Sapere assumption ABS weekly earnings data for November 2024 ABS total weekly earnings by ANZSCO
Time and cost per application to VCAT – no hearing	VCAT residential tenancies application costs \$74.10 per application	VCAT Sapere assumption

Description	Data/assumption	Source
	6 hours per application without a hearing for renter, 4.5 hours for agent - Cost of time for renter is \$94.73 per hour as above - Cost of time for agent is \$160.11 per hour as above	ABS weekly earnings data for November 2024 ABS total weekly earnings by ANZSCO
Time and cost per call to CAV/VCAT	1 hour per call to CAV/VCAT for renters and 0.25 on phone for CAV/VCAT - Cost of time for renter is \$94.73 per hour as above - Cost of time for VCAT/CAV staff taking calls is VPS4 wage above.	Sapere assumption ABS weekly earnings data for November 2024 EBA wage bands
Industry efficiency (related to estate agents, agents' reps and conveyancer reforms)		
Efficiency gain – options for estate agents, agents' reps and conveyancers	- Total revenue from real estate services in Australia FY25 was \$30.9 billion (IBIS World) of which property sales (\$18.3 billion), property leasing (\$4.6 billion) and property management (\$3.7 billion) are relevant to analysis - Industry revenue growth forecast at 2.3% p.a. as per IBIS World - Victoria's share of real estate services revenue estimated by value of dwellings in Victoria/value in Australia = 23.61% as of March 2025 using ABS data - Efficiency gain from Options is 0.1% p.a. for Option 2 (5 units CPD) and 40% of 0.1% p.a. for Option 1 (2 units of CPD)	IBIS World Real Estate Services in Australia - Market Size, Industry Analysis, Trends and Forecasts (2024-2029) ANZSIC L6720 January 2024 ABS Total Value of Dwellings Table 1 Sapere assumptions
Avoided mould (related to estate agents, agents' reps and conveyancer reforms)		
No. rentals with mould	649,978 active bonds in Victoria as of Dec 2024 - Average 2.5 people per dwelling in Victoria 80% of Victorian rental properties are managed by estate agents/agents' representatives in 2025 27% of rentals have mould as per Longview and PEXA research in 2023 - Number of rentals grows by 1% p.a. according to 5-year CAGR of the Rental Report data on total active bonds.	VIC Dept. Families, Fairness and Housing Rental Report December 2024 ABS Census data Commissioner for Residential Tenancies. (2025). The rental sector. Longview and PEXA, Private renting in Australia – a broken system Whitepaper 2, March 2023.
Reduced instances of mould	- Assumed an 0.1% reduction in the no. rentals with mould under Option 2 (5 CPD activities) as per NZ RIS - Assumed 40% of 0.1% reduction i.e., 0.04% reduction in no. rentals with mould under Option 1 (2 CPD activities) as linear scaling of Option 2	New Zealand RIS: Regulation of Residential Property Managers 2022
Cost of mould	Cost of mould estimated at \$2,164 (NZD) per person p.a. in FY19 New Zealand research which equates to \$2,914 AUD in FY26	Valuing Wellbeing Outcomes, Cost-wellbeing analysis of housing outcomes in the New Zealand General Social Survey, Conal Smith and Caitlin Davies, December 2020

Appendix D: Fees supporting information

Legal authority to set fees

Estate agents

Authority to set fees under the *Estate Agents Act 1980*:

Table D1 Authority to set fees - Estate agents

Section in Act	
17(1A)	Application for estate agent's licence: The application must be made in the form specified by the Authority and must be accompanied by the prescribed fee.
23(1)	Annual licence fee and statement - a licensed estate agent must pay to the Authority the prescribed annual licence fee on the anniversary of the date the agent was last granted a licence under section 21.
24A(1)	Failure to comply with section - If a licensed estate agent fails to comply with section 23, the Authority must give the agent a written notice stating that unless the agent complies with that section and also pays to the Authority the prescribed late payment or lodgement fee by the date specified in the notice, the agent's licence will be cancelled.
30(5)	Management of estate agency office - Sections 23 to 24B apply to a person to whom s30(2) applies as if a reference to a prescribed fee was a reference to a fee prescribed for the purposes of this section.
31A(2A)(d)	Person involved in Fund claim may regain licence etc. in exceptional circumstances - an application under this section must be accompanied by the prescribed fee (if any).
31B(2A)(d)	Bankrupt person may be allowed limited right to hold licence etc - an application under this section must be accompanied by the prescribed fee (if any).
31C(2A)(d)	Person with criminal record may be allowed limited right to hold licence etc - an application under this section must be accompanied by the prescribed fee (if any).
33(5)	A person in accordance with the regulations (if any) and on payment of the prescribed fee (if any) may inspect the register; and obtain copies of, or extracts from, the register.
99(1)(g)(i)	A certificate signed, or purporting to be signed, by the Registrar certifying as to any matter relating to the contents of the register is evidence of that matter.
185(1)	Failure to lodge annual statement - if a registered manager fails to comply with section 183, the Business Licensing Authority must give the manager a written notice stating that unless the manager complies with that section and also pays to the Business Licensing Authority the prescribed late payment or lodgement fee by the date specified in the notice, the manager's registration will be cancelled.

Agents' representatives

Authority to set fees under the *Consumer and Planning Legislation Amendment (Housing Statement Reform) Act 2025*:

Table D2 Authority to set fees – Agents' representatives

Section in Act	
36	Application for registration - an application for registration must be accompanied by the prescribed fee
37F	Annual registration fee and statement - a registered agent's representative must pay to the Authority the prescribed annual registration fee on the anniversary of the date the person was last registered under section 37.
37G	Extension of time - on payment of the prescribed fee (if any), a person may apply to the Authority for an extension of time, or a further extension of time, in which to comply with section 37F.
37H	Failure to comply with section 37F - if a registered agent's representative fails to comply with section 37F, the Authority must give the registered agent's representative a written notice stating that the registration of the registered agent's representative will be cancelled unless the registered agent's representative complies with that section; and pays to the Authority the prescribed late lodgement fee by the date specified in the notice.

Conveyancers

Authority to set fees under the *Conveyancers Act 2006*:

Table D3 Authority to set fees - Conveyancers

Section in Act	
13(2)	Person may apply to Authority for licence - an application for a licence must be in the form approved by the Authority and be accompanied by the prescribed application fee and the prescribed licence fee.
29(3)(d) 29(3)(d)	Person involved in claim may be allowed to hold licence in exceptional circumstances – an application under this section must be accompanied by the prescribed fee (if any).
31(2)(d)	Company may be allowed to hold licence despite disqualifying factors - an application must be accompanied by the prescribed fee (if any).
35(1)	Annual licence fee and statement - a licensee must pay to the Authority the prescribed annual licence fee on the anniversary of the day on which the licensee was last granted a licence under this Act.
36(1)	Extension of time - on payment of the prescribed fee (if any), a licensee may apply to the Authority for an extension of time, or a further extension of time, in which to comply with section 35.
37(1)	Failure to comply with section 35 - if a licensee fails to comply with section 35, the Authority must give the licensee a written notice stating that unless the licensee complies with that section and also pays to the Authority the prescribed late payment or lodgement fee by the day specified in the notice, the licensee's licence will be suspended.
52(3)	Exemption from requirement to appoint manager - an application under subsection (1) must be accompanied by the prescribed fee (if any).
56(3)(d)	Employment of disqualified persons - an application under this section must be accompanied by the prescribed fee (if any).
178(4)(b)	Register of Licensed Conveyancers - a person may on the payment of the relevant prescribed fee, obtain a certified extract from, or a certified copy of, the Register.

OC Managers

Authority to set fees under the *Owners Corporations Act 2006*:

Table D4 Authority to set fees – Owners Corporations

Section in Act	
180(2)(d)	Application for registration - an application must be accompanied by the prescribed fee.
183(1)	Annual registration fee and statement - a registered manager must pay to the Business Licensing Authority the prescribed annual registration fee on the anniversary of the date the manager was last registered under this Part.
184(1)	Extension of time - on payment of the prescribed fee (if any), a person may apply to the Business Licensing Authority for an extension of time, or a further extension of time, in which to comply with section 183.

Detailed cost breakdowns

The following tables show direct costs only. Total costs include both direct costs and indirect costs.

Estate agents – direct costs

Direct staff time and costs estimated for each transaction for estate agents are shown in Table D2. Staff time represents a mix of different VPS staff levels from VPS2 to Level 7/Senior Technical Specialist which varies depending on transaction type. Complex transactions include higher senior staff time.

Table D2 Estate agents – direct staff time and direct cost estimates

Fee type	Staff time (minutes)	\$ Cost of time	\$ Cost of credit/police checks	\$ Total cost
Application fee for a licence				
estate agent which is a corporation	70	108.61	33.00	141.61
for each director of that corporation	45	90.25	8.25	98.50
for an estate agent other than a corporation	70	108.61	61.00	169.61
Annual licence fee				
estate agent which is a corporation	6	10.41	0.00	10.41
for each director of that corporation	2	2.81	0.00	2.81
for an estate agent other than a corporation	27	44.41	0.00	44.41
Application for extension of time fee	20	33.00	0.00	33.00
Late payment or lodgement fee	6	9.75	0.00	9.75
Fees applying to a branch manager approval				
Fee for application by company for permission to hold, or continue to hold, a licence	50	77.01	0.00	77.01
Extension of time	20	33.00	0.00	33.00
Late payment	25	42.39	0.00	42.39
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	668	1289.46	61.00	1350.46
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	668	1289.46	61.00	1350.46
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	373	1289.46	61.00	1350.46
Fees applying to a corporation to be allowed to hold licence despite disqualifying factors				
Corporation	373	764.24	33.00	797.24
Director of corporation	295	553.22	8.25	561.47
Copy of, or extract from, register	43	79.45	0.00	79.45
Registrar's certificate of register contents	24	47.75	0.00	47.75

Agents' representatives – direct costs

Direct staff time and costs estimated for each transaction for agents' representatives are shown in Table D6. Staff time represents a mix of different VPS staff levels from VPS2 to Level 7/Senior Technical Specialist which varies depending on transaction type. Complex transactions include higher senior staff time.

Table D6 Agents' representatives – direct staff time and direct cost estimates

Fee type	Staff time (minutes)	\$ Cost of time	\$ Cost of credit/police checks \$	\$ Total cost
Application for new registration	55	88.36	61.00	149.36
Annual registration	27	44.41	0.00	44.41
Extension of time	20	33.00	0.00	33.00
Late lodgement	6	9.75	0.00	9.75
Fee applying to a person involved in Fund claim to regain licence etc. in exceptional circumstances	668	1289.46	61.00	1350.46
Fee applying to a bankrupt person to be allowed limited right to hold licence etc.	668	1289.46	61.00	1350.46
Fee applying to a person with criminal record to be allowed limited right to hold licence etc.	668	1289.46	61.00	1350.46
Copy of, or extract from, register	43	79.45	0.00	79.45
Registrar's certificate of register contents	24	47.75	0.00	47.75

Note: * costs for these transactions are the same as for estate agents and the same fee is applied – see discussion in section 8.4.2.

Conveyancers – direct costs

Direct staff time and costs estimated for each transaction for conveyancers are shown in Table D7 Conveyancers – . Staff time represents a mix of different VPS staff levels from VPS2 to Level 7/Senior Technical Specialist which varies depending on transaction type. Complex transactions include higher senior staff time.

Table D7 Conveyancers – direct staff time and direct cost estimates

Fee type	Staff time (minutes)	\$ Cost of time	\$ Cost of credit/ police checks	\$ Total cost
Application for new licence, for application that is a company	80	136.13	33.00	169.13
Application for new licence, for application that is a natural person	60	98.46	61.00	159.46
Fee for application by person involved in claim for permission to hold, or continue to hold, a licence	668	1289.46	61.00	1350.46
Fee for application by person with criminal record for permission to hold, or continue to hold, a licence	668	1289.46	61.00	1350.46
Fee for application by company for permission to hold, or continue to hold, a licence	668	1289.46	61.00	1350.46
Annual licence fee				
Application for company	8	13.22	0.00	13.22
Application for natural person	27	44.41	0.00	44.41
Extension of time fee	314	33.00	0.00	33.00
Late payment or lodgement fee	294	9.75	0.00	9.75
Exemption from requirement to appoint manager	288	494.64	0.00	494.64
Employment of disqualified persons	668	1289.46	61.00	1350.46
Certified copy of, or extract from, the Register	24	47.75	0.00	47.75

OC managers – direct costs

Direct staff time and costs estimated for each transaction for OC managers are shown in Table . Staff time represents a mix of different VPS staff levels from VPS2 to Level 7/Senior Technical Specialist which varies depending on transaction type. Complex transactions include higher senior staff time.

Table D8 OC managers – direct staff time and direct cost estimates

Fee type	Staff time (minutes)	\$ Cost of time	\$ Cost of credit/police checks \$	\$ Total cost
Application for registration	58	102.17	61.00	163.17
Annual registration, for OC managers	27	44.41	0.00	44.41
Late lodgement fee	6	9.75	0.00	9.75

Costs by category

Table D3 shows a breakdown of total costs. This is the cost recoverable amount.

Table D3 Breakdown of recoverable regulatory costs

Cost	\$ Cost p.a.	Allocation
Regulation Transaction Services Property Licensing Team		
Direct staff for processing of transactions	2,413,086	Direct
Other regulatory activities	528,018	Direct fixed
Business Licensing Authority - administration of licensing and registration under the Acts	166,234	Direct fixed
Regulatory Transaction Services - other teams (non direct property licensing)		
Community Organisation Registrations team	282,020	Direct fixed
Operations team	175,615	Direct fixed
Business Services Team	520,417	Direct fixed
VPF claims processing	556,078	Direct fixed
VPF finance team support	533,881	Direct fixed
Consumer Affairs Victoria		
Investigations and Compliance branch	3,600,564	Direct fixed
Legal services	1,381,006	Direct fixed
Underquoting taskforce	2,200,000	Direct fixed (estate agents/agents' reps only)
Intelligence branch	951,127	Direct fixed
Contact centre	2,489,158	Direct fixed
Regional services (compliance inspections)	57,656	Direct fixed
Ongoing technical costs - property services	451,661	Direct fixed
Technical implementation costs for property reforms (one off cost, annualised)	111,760	Direct fixed
Fixed indirect staff		
Technical projects team	163,170	Indirect fixed
Technical support	294,348	Indirect fixed
Other	78,894	Indirect fixed
Total	16,954,691	

About Sapere

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