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| Regulatory Impact Statement  Estate Agents (Education) Regulations 2020  Department of Justice and Community Safety |



Glossary

| Term | Description |
| --- | --- |
| ABS | Australian Bureau of Statistics |
| BLA | Business Licensing Authority |
| BRV | Better Regulation Victoria |
| CAV | Consumer Affairs Victoria |
| CPLR | Consumer Property Law Review |
| CPD | Continuing Professional Development |
| DTF | Department of Treasury and Finance |
| MCA | Multi Criteria Analysis |
| NCVER | National Centre for Vocational Education Research |
| PIA | Preliminary Impact Assessment |
| RIS | Regulatory Impact Statement |
| RTO | Registered Training Organisation |
| TAAP | Tenancy Assistance and Advocacy Program |
| TAFE | Technical and Further Education |
| The Act | Estate Agents Act 1980 |
| The Certificate IV | CPP41419 Certificate IV in Real Estate Practice |
| The current Certificate IV | CPP40307 Certificate IV in Property Services (Real Estate) |
| The current Diploma | CPP50307 Diploma of Property Services (Agency Management) |
| The Department | The Department of Justice and Community Safety |
| The Diploma | CPP51119 Diploma of Property (Agency Management) |
| The Interim Regulations | Estate Agents (Education) Interim Regulations 2019 |
| The Proposed Regulations | Estate Agents (Education) Regulations 2020 |
| TUV | Tenants Union of Victoria |
| VCAT | Victorian Civil and Administrative Tribunal |
| The Extension Regulations | Subordinate Legislation (Estate Agents (Education) Regulations 2008) Extension Regulations 2018 |
| VET | Vocational Education and Training |
| VGR | Victorian Guide to Regulation |

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# Executive summary

## Background

The *Estate Agents Act 1980* (the Act) establishes the licensing scheme for estate agents and sets out the eligibility requirements for agents’ representatives. Estate agents and their representatives must pass a course of instruction prescribed by the regulations to be eligible to practice.

The Department of Justice and Community Safety (the Department) proposes to make the Estate Agents (Education) Regulations 2020 (the Proposed Regulations) to provide for the educational requirements for real estate agents and their representatives in Victoria. The Proposed Regulations have been prepared having regard to the outcomes of a national review of real estate qualifications.

The review by the Commonwealth Government (the Review) examined the CPP07 Property Services Training Package, which is a set of nationally recognised real estate qualifications.

The existing education requirements for estate agents and their representatives in Victoria are contained in the Estate Agents (Education) Interim Regulations 2019 (Interim Regulations).

The Interim Regulation came into effect on 23 October 2019. Those regulations were made to ensure regulatory continuity while the Department prepared this regulatory impact statement (RIS) and the Proposed Regulations. The Interim Regulations will sunset on 22 October 2020.

The Interim Regulations replaced the Subordinate Legislation (Estate Agents (Education) Regulations 2008) Extension Regulations 2018 (the Extension Regulations). The Extension Regulations extended the operation of the Estate Agents (Education) Regulations 2008 (the 2008 Regulations) to ensure they did not sunset before the Commonwealth Government completed the Review.

Following the Review, the new CPP Property Services Training Package Release 8.0 (the New Training Package) was publicly released on 21 March 2019.

This RIS sets out options for the course of instruction for estate agents and agents’ representatives. These options consist of units drawn from the following two qualifications in the New Training Package:

* CPP41419 Certificate IV in Real Estate Practice (the Certificate IV)
* CPP51119 Diploma of Property (Agency Management) (the Diploma).

## Problem analysis

If the real estate services sector were to self-regulate their own training, some agents are likely to fail to undertake the necessary standard of training required to ensure their competency. In turn, they would fail to minimise their risk of causing detriment to consumers. An increase in the number of agents that fail to meet the minimum training standard required to ensure their competency is likely to adversely affect the reputation of the real estate industry, put vulnerable consumers at further risk, and increase the number of disputes between consumers and estate agents.

A decline in the reputation of the real estate industry is likely to increase costs associated with searching for an agent, as consumers spend additional time screening potential agents to determine if they are competent or trustworthy. An increase in the time and effort put into securing an agent may delay the sale of a property that would otherwise have been put on the market sooner. This may negatively impact on the rate of housing turnover in Victoria. In turn, this may reduce industry revenue and stamp duty revenue collected by the Victorian Government. Stamp duty accounted for about 30 per cent of total state tax revenue for Victoria in the 2017-18 period. More broadly, reduced housing turnover may reduce spending on retail items such as home furnishings, white goods and appliances, thus negatively impacting revenue in other industries.

A self-regulated real estate services sector is likely to increase the number of inadequately trained property managers. This would increase the risk to tenants, especially vulnerable tenants, of experiencing severe harms. These harms may include a tenant losing their home and potentially facing homelessness, a tenant living in unsafe conditions lacking essential services, or a tenant facing large costs that may not be necessary.

The deregulation of training requirements for estate agents and agents’ representatives is likely to increase disputes between agents and consumers. Feedback to the Department’s Consumer Property Law Review (CLPR) and data from the Real Estate Institute of Western Australia suggest that as training standards increase, the frequency of consumer complaints will decrease. A decrease in the frequency of complaints will likely result in fewer disputes. Time and other resources are expended by business and consumers who pursue disputes via Consumer Affairs Victoria (CAV) or the Victorian Civil and Administrative Tribunal (VCAT). For example, in addition to VCAT application and hearing fees, consumers may have to spend time preparing for a case. They may also take time off work to attend a hearing. This may represent a significant cost for vulnerable and disadvantaged consumers.

## Objectives

The first objective of the Proposed Regulations is to ensure that training for estate agents and their representatives equips them with the skills to perform their duties competently and render services with the expected level of due care and skill. This objective will assist in:

* improving the reputation of the real estate industry
* reducing risks to vulnerable tenants from substandard agents
* reducing disputes between consumers and agents.

The second objective of the Proposed Regulations is to ensure that the prescribed course of instruction for estate agents and agents’ representatives does not impose an undue cost on registered training organisations (RTOs), estate agency businesses, students, and consumers.

## Options

### Agent’s representative course of instruction

This RIS canvasses three options for the course of instruction for an agent’s representative:

**Option 1: Prescribe 12 Certificate IV Units**

Candidates must complete a total of 12 CPP41419 Certificate IV units comprised of the core units, some units from Group A (residential property sales) and Group B (residential property management), and a general elective unit in order to meet the minimum level of competency.

**Option 2: Prescribe 16 Certificate IV Units**

Candidates must complete a total of 16 CPP41419 Certificate IV units comprised of the 12 units in option 1, as well as some additional units in Group A and Group B.

**Option 3: Prescribe 18 Certificate IV Units**

Candidates must complete 18 CPP41419 Certificate IV units comprised of the 16 units in option 2, as well as one unit from Group D (auctioneering) and one additional general elective unit.

### Estate agent course of instruction

This RIS canvasses three options for the course of instruction for an estate agent:

**Option 1: Prescribe 22 Certificate IV Units**

Candidates must complete a total of 22 Certificate IV units comprised of the core units, all units from Group A residential property sales) and Group B (residential property management), three units from Group D (auctioneering), and four general elective units in order to meet the minimum level of competency.

**Option 2: Prescribe 29 Certificate IV Units**

Candidates must complete a total of 29 Certificate IV units comprised of the 22 units in option 1, as well as a total of seven units from Group G (commercial sales and leasing) and Group H (commercial and property management).

**Option 3: Prescribe 22 Certificate IV Units and 12 Diploma Units**

Candidates must complete the 22 Certificate IV units referred to in option 1, as well as 12 units from the Diploma (comprised of seven core units and five elective units). Candidates are free to complete any five elective units from the Diploma.

**Option 4: Prescribe 29 Certificate IV Units and 12 Diploma Units**

Candidates must complete the 29 Certificate IV units referred to in option 2, as well as 12 units from the Diploma (comprised of seven core units and five elective units). Candidates are free to complete any five elective units from the Diploma.

## Preferred option

The above options were assessed, and the preferred option was selected using multi-criteria analysis (MCA). This involved the consideration of each option against the following criteria:

1. Reputation of the real estate services industry
2. Reduced risk to vulnerable tenants from substandard estate agents and agents’ representatives
3. Reduced disputes between consumers and agents
4. Cost impact on students.

This method was chosen in place of a full cost-benefit analysis given the difficulty involved in estimating benefits. However, a quantitative analysis was undertaken to provide an estimate of the potential cost impact of each option on RTOs, employers, students, and consumers. Results from the quantitative analysis were used to assess criterion 4.

Based on the results of the MCA, the preferred options were:

* Option 3 for the agent’s representative course of instruction

This option prescribes 18 Certificate IV units, which include all five core units; all five units from Group A residential property sales; all five units from Group B residential property management (excluding the two duplicate units from Group A); one unit from Group D auctioneering and two units from general electives.

As such, students that complete this course of instruction will be awarded a Certificate IV.

* Option 3 for the estate agent course of instruction

This option prescribes 22 Certificate IV units and 12 Diploma units. The Certificate IV units include all five core units, all five units from Group A residential property sales, all five units from Group B residential property management (excluding the two duplicate units from Group A), all three units from Group D auctioneering and four units from general electives. The Diploma units include all seven core units and any five elective units.

As such, students that complete this course of instruction will be awarded a Certificate IV and Diploma.

### Cost of preferred option

#### Students

**Option 3: Agent’s representative course of instruction**

Table ES.1 outlines the estimated economic cost (that is, the course cost and opportunity cost) of the preferred agent’s representative course of instruction to students (collectively and individually) each year for the 2021-30 period. It also outlines the additional estimated economic cost to individual students with respect to the Base Case each year for the same period. Further, it outlines total course costs to individual students, as well as additional course costs to individual students with respect to the Base Case, each year for the 2021-30 period. Students only incur these costs once.

Given that course costs faced by students vary depending on the educational institution they choose to attend, this RIS provides an upper and lower bound estimate for economic costs and course costs. These are based on the current range of fees charged by various RTOs. Student costs are disaggregated into funded and full fee categories.

The cost impact of a set of regulations is measured over a ten-year period, that is, the life of the Proposed Regulations. As the Proposed Regulations commence in October 2020 and sunset in October 2030, the calculations (including the net present value (NPV)) are based on the 2021-30 period. As such, the NPV for students and employers is determined for the 2021-30 period and then divided by 10 to give an average annual cost for that period. See **Appendix 7** for further details.

*Table ES.1:* *Estimated annual economic costs (including course cost and opportunity cost) and estimated annual course costs incurred by students (funded and full fee) undertaking the agent’s representative course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic costs – total |  |  |
| Funded | $2,044,839 | $2,429,982 |
| Full fee | $17,550,817 | $26,735,656 |
| Economic costs – individual |  |  |
| Funded | $9,819 | $11,668 |
| Full fee | $9,617 | $14,650 |
| Economic costs – individual (additional to Base Case) |  |  |
| Funded | $8,480 | $9,631 |
| Full fee | $8,278 | $12,613 |
| Course costs - individual |  |  |
| Funded | $719 | $2,559 |
| Full fee | $518 | $5,531 |
| Course costs – individual (additional to Base Case) |  |  |
| Funded | $639 | $1,705 |
| Full fee | $438 | $4,677 |

Table ES.2 outlines the estimated total economic cost and total course cost for students (funded and full fee) undertaking the agent’s representative course for the 2021-30 period.

*Table ES.2: Estimated total economic cost and total course cost for students (funded and full fee) undertaking the agent’s representative course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $20,448,389 | $24,299,817 |
| Full fee | $175,508,174 | $267,356,563 |
| Course Cost - total |  |  |
| Funded | $1,496,943 | $5,328,946 |
| Full fee | $9,460,208 | $100,928,369 |

**Option 3: Estate agent course of instruction**

Table ES.3 outlines the estimated economic cost (that is, course cost and opportunity cost) of the preferred estate agent course of instruction to students (collectively and individually) each year for the 2021-30 period. It also outlines the additional estimated economic cost to individual students with respect to the Base Case each year for the same period. Further, it outlines total course costs to individual students, as well as additional course costs to individual students with respect to the Base Case, each year for the 2021-30 period. Students only incur these costs once.

As noted above, students’ course costs vary depending on the educational institution they choose to attend. This RIS provides an upper and lower estimate of economic costs and course costs based on the current range of fees charged by various RTOs. Student costs are disaggregated into funded and full fee categories.

Also, the cost impact of a set of regulations is measured over a ten-year period, that is, the life of the regulations (see above for more details).

*Table ES.3: Estimated annual economic costs (including course cost and opportunity cost) and estimated annual course costs incurred by students (funded and full fee) undertaking the estate agent course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $7,286,386 | $8,522,237 |
| Full fee | $14,020,815 | $20,102,664 |
| Economic cost – individual |  |  |
| Funded | $23,853 | $27,899 |
| Full fee | $23,850 | $34,196 |
| Economic cost – individual (additional to Base Case) |  |  |
| Funded | $18,897 | $20,576 |
| Full fee | $18,895 | $26,873 |
| Course cost - individual |  |  |
| Funded | $1,856 | $5,887 |
| Full fee | $1,853 | $12,167 |
| Course cost – individual (additional to Base Case) |  |  |
| Funded | $1,486 | $1,935 |
| Full fee | $1,483 | $8,215 |

Table ES.4 outlines the estimated total economic cost and total course cost for students (funded and full fee) undertaking the estate agent course for the 2021-30 period.

*Table ES.4: Estimated total economic cost and total course cost for students (funded and full fee) undertaking the estate agent course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $72,863,864 | $85,222,368 |
| Full fee | $140,208,152 | $201,026,638 |
| Course Cost - total |  |  |
| Funded | $5,669,927 | $17,981,763 |
| Full fee | $10,895,322 | $71,525,512 |

#### Employers

The costs for employers are based on the number of ‘withdrawal hours’ (time off work to study) that they give employees who are undertaking a course of instruction. The Department assumes that employers will pass on the costs of withdrawal time to consumers. Table ES.5 outlines the estimated annual cost to employers (collectively and individually) for the 2021-30 period. It also outlines the additional estimated annual cost to individual employers with respect to the Base Case for the same period. Employer costs are separated for students undertaking an agent’s representative course of instruction, and students undertaking an estate agent course of instruction.

*Table ES.5: Estimated annual collective and individual* *cost impact (including in addition to the Base Case) on employers for the period 2021 to 2030*

| Employee | Collective impact | Individual impact | Individual impact – additional to Base Case |
| --- | --- | --- | --- |
| Agent’s representative student | $3,053,856 | $1,502 | $1,267 |
| Estate agent student | $2,534,550 | $2,837 | $2,040 |

For the preferred agent’s representative option, the estimated total cost for employers for the 2021-30 period is $30,538,559. For the preferred estate agent option, the estimated total cost for employers the 2021-30 period is $25,345,496.

#### Consumers

Table ES.6 shows the estimated annual cost to consumers (collectively and individually), and the estimated additional annual cost impact on individual consumers with respect to the Base Case, for the 2021-30 period. Consumer costs are separated for consumers who procure services from estate agents that employ students undertaking an agent’s representative course of instruction, and consumers who procure services from estate agents that employ students undertaking an estate agent course of instruction. These amounts are not considered significant.

*Table ES.6: Estimated annual collective and individual cost impact (including in addition to the Base Case) on consumers for the 2021 to 2030 period*

|  | Collective Impact | Impact on individual consumer | Impact on individual consumer – additional to Base Case |
| --- | --- | --- | --- |
| Employer of agent’s representative student | $3,053,856 | $23 | $19 |
| Employer of estate agent student | $2,534,550 | $43 | $31 |

As noted above, the Department assumes that employers will pass on the costs associated with withdrawal hours to consumers. As such, the estimated total cost for the 2021-30 period for employers is equivalent to that of consumers.

For the preferred agent’s representative option, the estimated total cost for consumers for the 2021-30 period is $30,538,559. For the preferred estate agent option, the estimated total cost for consumers for the 2021-30 period is $25,345,496.

#### Registered training organisations

RTOs that intend to offer the courses of instruction set out in the Proposed Regulations are likely to incur one-off course development costs. A conservative estimate of one-off course development costs based on stakeholder feedback is outlined in Table ES.7 below. One-off costs include costs to develop teaching and print based resources and online course content.

*Table ES.7: Estimated cost of developing teaching, print based and online resources for a unit of competency from the New Training Package*

| Resource | Estimated cost per unit |
| --- | --- |
| Teaching resources | $5,000 |
| Print based resources | $25,000 |
| Online course content | $39,500 |
| Total | $69,500 |

For the preferred agent’s representative option, the estimated total one-off course development costs incurred by individual RTOs for the 2021-30 period is $1,251,000. As such, the estimated annual one-off course development costs incurred by individual RTOs is $125,100 per year for the 2021-30 period. These costs are not relevant if the RTO also provides an estate agent course of instruction, as the units in all three of the agent’s representative options are contained within each of the estate agent options.

For the preferred estate agent option, the estimated total one-off course development costs incurred by individual RTOs for the 2021-30 period is $2,363,000. As such, the estimated annual one-off course development costs incurred by individual RTOs is $236,300 per year for the 2021-30 period.

Based on advice from relevant stakeholders, the Department assumes that RTOs will recover the one-off course development costs via course fees, thereby indirectly impacting students.

## Implementation

The Department will communicate the new regulatory requirements to RTOs, employers, and prospective students via a variety of means after the Proposed Regulations are made, including:

* social media and information campaigns
* updated and more comprehensive guidance on the CAV website and via the CAV call centre.

CAV will ensure that agents and their representatives comply with the new regulatory requirements through its existing monitoring and enforcement activity, which it undertakes as part of its general day-to-day operations.

## Evaluation strategy

The Department evaluates the effectiveness of the current Interim Regulations through sector complaints monitoring and stakeholder consultation.

The Department monitors the frequency and nature of complaints on CAV’s internal database. In terms of stakeholder consultation, the Department regularly engages relevant stakeholders on an informal basis. For example, the Department consulted with the Real Estate Institute of Victoria (REIV) and the Department of Education and Training (DET) on the options set out in this RIS. The Department proposes to continue these approaches to evaluate the preferred option.

The Department will also monitor the effectiveness of the preferred option and identify emerging issues through a post-implementation evaluation. The Department will undertake this evaluation within three to five years after the regulations commence. The evaluation will assess any changes in behaviour amongst key stakeholder groups during this period, and seek feedback from stakeholders on the operation of the new Regulations. The changes observed will be assessed against the objectives outlined in this RIS.

## Consultation

The Department held preliminary consultation with key stakeholders, including the REIV and DET, to determine what units they considered should be included in each course of instruction. The Department also sought general feedback on the New Training Package from RTOs that deliver qualifications to meet Victorian licencing requirements.

In addition, the Department considered the approach in other Australian jurisdictions to selecting units for their equivalent qualifications.

## RIS process

The Commissioner for Better Regulation Victoria provides an independent assessment of RISs, which are assessed against the Victorian Guide to Regulation (VGR). The Commissioner has determined that this RIS meets the requirements of the *Subordinate Legislation Act 1994*.

The Department has prepared the Proposed Regulations for interested parties to review. Interested parties may comment or make written submissions to the Department about the Proposed Regulations before a final decision is made on whether to make them, and whether any changes are needed. In particular, the Department would welcome feedback about these issues:

1. What is the nature of the relationship between the level of training received by agent’s representatives and estate agents and the incidence of complaints against them, and what factors help shape the nature of that relationship?

Is it likely that a decrease in complaints will be accompanied by a decrease in disputes?

1. Do you agree or disagree with the arguments outlined in section 8.1.4 regarding the impact more qualifications will have on the number of qualified agents operating in Victoria?

Consultation commences on 12 August 2020 and closes at 5pm on 9 September 2020. Information on how to lodge submissions can be found at Engage Victoria <https://engage.vic.gov.au/real-estate-education-review>.

Once the Department has considered all submissions received, a notice of decision and statement of reasons will be published. After the Regulations are made, the Department will provide copies of all submissions to parliament’s Scrutiny of Acts and Regulations Committee (SARC). SARC examines these submissions to check that the Department has considered the views of stakeholders.

# Background

## Victorian real estate services industry

Data from the Australian Bureau of Statistics (ABS) that measures the annual change in business counts across industries shows there were 8,926 real estate services[[1]](#footnote-2) businesses operating in Victoria at the end of the 2018-19 financial year.[[2]](#footnote-3) The most recent ABS data, which appears to be from 2002-03, shows the total income of Victorian real estate agents for the 2002-03 period to be $1.4 billion[[3]](#footnote-4).

IBISWorld research estimated the national real estate services industry revenue to be $25.9 billion (with a profit of $5.4 billion) for the 2018-19 period, with wages at $7.9 billion. The total number of business for this period were estimated to be 39,163 nationally, with 20.9 percent located in Victoria. This suggests there were 8,185 real estate business located in Victoria in 2018-19 period, which is similar to figure provided by the ABS.[[4]](#footnote-5)

While specific figures for individual states and territories are not publicly available, the ABS found that Victoria contributed 24.9 percent of total sales and service income and 25.3 percent of total wages and salaries across selected industries for the 2017-18 period.[[5]](#footnote-6) This percentage contribution can be applied to the IBISWorld figures for revenue and wages for the 2017-18 period (that is, revenue at $16.3 billion and wages at $7.8 billion). This suggests that total revenue and expenses relating to Victorian real estate services were $4.1 billion and $2.0 billion, respectively, for the 2017-18 period.[[6]](#footnote-7)

According to IBISWorld research, population growth and positive consumer sentiment are projected to boost property prices and demand for real estate services over the next five years. Industry revenue is forecast to grow at an annualised 2.4% over the five years through to 2024-25, to total $29.7 billion.[[7]](#footnote-8)

The register of estate agents maintained by the Business Licensing Authority (BLA)[[8]](#footnote-9) indicates there were 15,039 licensed estate agents (individuals and corporations) in Victoria at the end of the 2018-19 period. Table 1 shows the total number of estate agents on the BLA register and the number of new applications lodged for estate agent licences each year for the 2010-11 to 2018-19 period.

*Table 1: Estate agents in Victoria between 2010-11 and 2018-19*

|  | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total number of estate agents on register | 9,476 | 10,045 | 10,565 | 11,171 | 11,679 | 12,458 | 13,230 | 14,133 | 15,039 |
| New applications lodged | 1,206 | 1,251 | 1,079 | 1,219 | 1,216 | 1,582 | 1,581 | 1,800 | 1,850 |

There is no current or historical data available regarding the number of agents’ representatives operating in the real estate industry in Victoria. However, based on data provided by the National Centre for Vocational Education Research (NCVER) and stakeholder advice, it is estimated that approximately 1,789 agent’s representatives entered the industry in Victoria each year for the 2015-18 period.

**COVID-19**

The industry revenue, employment, wage and inflation projections cited in this RIS may be affected by the COVID-19 pandemic. Specifically, given the pandemic has had a negative impact on economic activity in general, the figures cited in this RIS may be somewhat overstated. However, changes to the above projections are likely to have only a marginal impact on the costs outlined in the quantitative analysis. As such, it is unlikely that any change to the projections will affect the outcome of the multi-criteria analysis (MCA) (section 8.2) or the preferred option (section 9).

## Real estate services industry: regulation and imperfect market

#### Regulation of the real estate services industry

A report undertaken by the NSW Government in 2008 (the NSW Report) identified the following reasons for regulating the real estate industry:

1. Consumers engage in property and business sales and purchases, and other property transactions relatively infrequently, and therefore, generally have limited knowledge of the market.
2. These transactions involve a large proportion of an individual’s total wealth and are probably the most expensive transactions people undertake in their lives.
3. Large amounts of money are held in trust by agents.[[9]](#footnote-10)

The NSW Report found that the main risks associated with the agency/consumer relationship are the safety of monies held in trust and levels of competence. The NSW Report identifies education as one of the ways to address the risks associated with competence, including in handling trust monies.

#### Imperfect market

The real estate market is an imperfect market for the following reasons:

1. Owners do not always have the right information to negotiate with agents effectively or hold them to account. It can be difficult for an inexperienced owner to know whether their agent is acting lawfully and in their best interests, and if not how to switch to one who will.[[10]](#footnote-11)

Consumers’ information deficit is likely to be reflected in the number of enquiries that CAV receives each year from complainants seeking advice and information on issues relating to residential property sales and management.

Table 2 below details the number of enquiries (the first stage of the complaints process) received by CAV from complainants in relation to residential property management and residential property sales for the 2016-19 period. It is not uncommon for CAV to refer complainants to the Victorian Civil and Administrative Tribunal (VCAT).

*Table 2: The number of enquiries received by CAV for the 2016-19 period in relation to residential property sales and residential property management*

| Case Stages | 2016 | 2017 | 2018 | 2019 |
| --- | --- | --- | --- | --- |
| Residential Property Management | 1,163 | 1,266 | 1,348 | 1,396 |
| Residential Property Sales | 3,243 | 5,099 | 4,756 | 5,585 |

More generally, residential tenancies continue to be one of the main reasons that Victorians contact CAV. In 2018–19 CAV assisted 64,118 callers with residential tenancy matters and assisted 73,446 callers to the Residential Tenancies Bond Authority. The renting section of the CAV website had the most views, with more than 2.2 million visits.[[11]](#footnote-12)

1. The lack of choice for third parties dealing with estate agents. When choosing an agent, owners are concerned principally with whether their agent meets their needs. However, renters or buyers affected negatively by an agent’s behaviour cannot choose or remove the agent.[[12]](#footnote-13) This lack of market power can leave consumers at the mercy of substandard estate agents.

Table 3 details the number of estate agents that have received a general warning from CAV for non-compliance for the 2016-19 period. This data provides an indication of the prevalence of substandard agents in Victoria.

*Table 3: The number of warning letters sent to estate agents for the 2016-19 period*

|  | 2016 | 2017 | 2018 | 2019 |
| --- | --- | --- | --- | --- |
| General warnings | 273 | 335 | 352 | 167 |

## CPP Property Services Training Package Release 8.0

The New Training Package, a set of nationally recognised real estate qualifications, was publicly released on 21 March 2019. The New Training Package replaces the CPP07 Property Services Training Package (the Existing Training Package), which ends on 30 September 2021. States and territories base their real estate courses of instruction on these training packages. The New Training Package consists of three real estate qualifications (see Table 4).

*Table 4: Real estate qualifications in the New Training Package*

| **Updated real estate training qualifications** | |
| --- | --- |
| **Code** | **Title** |
| CPP31519 | Certificate III in Real Estate Practice |
| CPP41419 | Certificate IV in Real Estate Practice |
| CPP51119 | Diploma of Property (Agency Management) |

The education options for the Proposed Regulations set out in this RIS (see section 6) set out in this RIS consist of units drawn from:

* the CPP41419 Certificate IV in Real Estate Practice
  + the CPP51119 Diploma of Property (Agency Management).

## Legislative and regulatory framework

In Victoria, the Act establishes the licensing scheme for estate agents and sets out the eligibility requirements to be employed as an agent’s representative. The Act requires a person to pass a course of instruction prescribed by the regulations to be eligible to be an estate agent. Similarly, the Act requires a person to pass a prescribed course of instruction to be eligible to be employed as an estate agent’s representative.

Previously, these education requirements were contained in the 2008 Regulations, which were due to sunset on 28 October 2018.

The operation of those regulations was extended to 27 October 2019 by the Extension Regulations. This occurred to ensure that the 2008 Regulations did not sunset before the Review into the Existing Training Package was complete, and to allow time for new regulations to be made to incorporate units from the New Training Package.

The Interim Regulations were made on 22 October 2019 and came into effect on 23 October 2019, replacing the Extension Regulations. The Interim Regulations were made to ensure regulatory continuity while the Department prepared this RIS and the Proposed Regulations for public consultation. The Interim Regulations will expire on 22 October 2020.

The Interim Regulations prescribe the current course of instruction for estate agents to be licensed under section 14(1)(a)(i) of the Act and for eligibility to be employed as an agent’s representative under section 16(1)(b) of the Act. The Interim Regulations also provide exemptions from completing the prescribed courses. There were four minor changes to prescribed units from the 2008 Regulations to the Interim Regulations (see **Appendix 1** for further details).

An ‘estate agent’ is defined in section 4 of the Act to capture those who exercise, carry on, or advertise that they are willing to carry on the business of selling, buying, letting or taking on the lease (or negotiating for the same) or collecting rents for, any real estate or business, on behalf of any person. The Act requires both individuals and corporations that are estate agents to be licensed.

An estate agent must be distinguished from an agent’s representative. An agent’s representative does not need to be licensed, but can only work as an agent’s representative if they are employed by a licensed estate agent.

The term ‘agent’s representative’ is defined in section 4 of the Act and captures any person who is:

* employed by, or who acts for or by arrangement with, a licensed estate agent; or is a director, member or officer or a corporation that is a licensed estate agent; and
* who performs for that estate agent any of the functions of an estate agent (other than work ordinarily performed by clerks, cashiers or accountants)

regardless of whether his or her remuneration is by way of salary, wages, commission or otherwise.

To be licensed as an estate agent, the Interim Regulations require an individual to complete either a Certificate IV in Property Services (Real Estate) (the current Certificate IV) or have passed one of the previously prescribed courses set out in Schedule 3 of the Interim Regulations.

The Interim Regulations prescribe the units to be included in the current Certificate IV. The course must have been delivered by an RTO. If a course was completed more than five years ago, the individual applying for a licence must have passed the course at any time and either:

* held an estate agent’s licence within the ten years immediately preceding the date of the person’s application for an estate agent’s licence; or
* been employed as an agent’s representative for the equivalent of two years full time within the ten years immediately preceding the date of the persons application for an estate agent’s licence.

In addition, the Act requires that an applicant for an estate agent’s licence has completed the equivalent of 12 months’ full-time experience as an agent’s representative in the three years before applying for a licence.

To work as an agent’s representative in Victoria, a person must complete the three units prescribed in Schedule 2 of the Interim Regulations (which are drawn from the current Certificate IV), or have passed one of the previously prescribed courses described in Schedule 3 or 4 of the Interim Regulations. If a course was completed more than 5 years ago, the individual applying for a licence must have passed the course at any time and either:

* held an estate agent’s licence within the ten years immediately preceding the date the person starts work as an agent’s representative; or
* been employed as an agent’s representative within the ten years immediately preceding the date the person starts work as an agent’s representative.

**Mutual recognition**

Section 14(3) of the Act provides for the mutual recognition of estate agents from other jurisdictions. A person is eligible to be granted an estate agent's licence in Victoria if they satisfy the Business Licensing Authority that:

1. they have been licensed or otherwise authorised under the laws of another place or country to carry on a business in that place or country for which an estate agent's licence would be required in Victoria; and
2. they have an adequate knowledge of Victorian estate agency law, practice and procedure, including accounting.

These arrangements allow for mutual recognition of individuals who hold a current equivalent interstate or New Zealand estate agent’s licence to work as an estate agent in Victoria. Mutual recognition is only available for individuals, not companies.

The Act contains some restrictions on mutual recognition. For example, a person who holds a New South Wales real estate agent’s licence cannot conduct auctions or undertake estate agent activity involving the sale or purchase of a business.

There are no mutual recognition arrangements in the Act for agents’ representatives. A person who holds a current registration for a role similar to that of an agent's representative (for example, a salesperson) in another Australian state or territory, or in New Zealand, is not eligible for mutual recognition in Victoria.[[13]](#footnote-14)

Table 5 outlines the number of mutual recognition applications lodged and granted for estate agent licences each year for the 2010-19 period. Given changes to CAV’s information management systems, Table 5 provides an estimate of number applications granted prior to 2019.

*Table 5: The annual number of mutual recognition applications lodged and granted for the 2010-19 period (the numbers for applications granted are an estimate only)*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Mutual Recognition | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Applications lodged | 266 | 246 | 186 | 208 | 272 | 273 | 349 | 335 | 363 | 348 |
| Applications granted | 245 | 226 | 171 | 191 | 250 | 251 | 321 | 308 | 335 | 317 |

# Review process

## Regulatory impact statement

A RIS must be prepared for any proposal that is likely to impose a significant economic or social burden on a sector of the public. The indicative threshold for a RIS is if the impact of a proposal is likely to be greater than $2 million per year. In addition, an impact assessment may also be required if the overall effects are unlikely to exceed $2 million per year, but there are concentrated effects on particular groups or sectors.[[14]](#footnote-15)

To determine if a RIS is required for the Proposed Regulations, the Department completed a preliminary impact assessment (PIA). The PIA attempted to quantify the costs faced by students seeking a qualification, and the costs faced by estate agency businesses (employers) who seek to assist those students.

The PIA found that the provisional course option with the lowest number of units imposes a significant burden on both students and employers (for both the upper and lower bound estimate). This indicated that a RIS would be required to make the Proposed Regulations.

### Scope of the regulatory impact statement

To satisfy the requirements of the *Subordinate Legislation Act 1994*, this RIS:

* identifies the objectives of the Proposed Regulations
* explains the effects of the Proposed Regulations
* identifies and evaluates potential alternatives (both regulatory and non-regulatory) to the Proposed Regulations
* assesses the costs and benefits of the Proposed Regulations, including an assessment of the economic, environmental and social impact and the likely administration and compliance costs
* recommends a preferred approach.

Generally, a RIS considers both quantifiable impacts (for example, economic cost of completing additional units) and non-quantifiable impacts (for example, industry reputation). As such, this RIS consists of:

* a quantitative analysis to assess the cost each option is likely to place on:
  + RTOs (in relation to one-off course development costs and scope of registration fees)
  + employers (in relation to ‘withdrawal time’ granted to students)
  + students (in relation to course fees and time allocated to study outside work hours)
  + consumers (in relation to the costs associated with withdrawal time granted to students by employers which are then passed on to consumers)
* a MCA to provide a qualitative assessment of the costs and benefits associated with the options. The criteria are as follows:
  + reputation of the real estate industry
  + reduced risk to vulnerable renters from substandard estate agents and agents’ representatives (collectively referred to as ‘agents’)
  + reduced disputes between consumers and agents
  + cost impact on students.

### Analytical process

The analytical process followed in this RIS is consistent with the 2016 Victorian Guide to Regulation (VGR) and reflects the analytical requirements of regulation assessment generally. The process broadly reflects the seven tasks outlined below:

1. **Problem analysis**

The problem analysis sets out what will happen if the regulations are allowed to sunset. This helps to establish whether a case for government action remains, and to evaluate the efficacy of the current regulatory framework in addressing the problem.

1. **Objective of action**

To define the specific outcomes the Government aims to achieve in relation to the problem defined in the previous stage (such as to reduce harm).

1. **Identify feasible options**

To identify feasible options capable of addressing the problem.

1. **Impact analysis**

To identify the anticipated impacts of the feasible options and to provide a clear explanation of the analysis.

1. **Summarise the preferred option**

To ensure that the government and stakeholders are given sufficient information summarising the preferred option to understand what it will mean in practice.

1. **Implementation plan**

To set out a clear, practical strategy for implementing the preferred option, by outlining:

* what needs to be done
* who will be doing it
* when it will be done
* who will monitor the implementation.

1. **Evaluation strategy**

To put in place mechanisms that enable the government to explain how, and how well, the preferred option has worked in practice, and to drive continuous improvement of regulatory arrangements over time.

## Consultation

### Consumer property law review

In 2016, the Department undertook a review of the Act, the *Owners Corporation Act 2006* (the Owners Corporation Act), the *Conveyancers Act 2006* (the Conveyancers Act) and the *Sale of Land Act 1962* (the Sale of Land Act). These reviews were collectively referred to as the consumer property law review (CPLR)[[15]](#footnote-16).

The Department’s public consultation for the CPLR touched on issues that are relevant to the options presented in this RIS. This includes views on the adequacy of training requirements for estate agents and agents’ representatives and the potential costs of mandating higher entry standards for estate agents.

Concerns regarding the competency of estate agents, and in particular agents’ representatives, were raised in submissions to:

* Issues paper 1: Conduct and institutional arrangements: estate agents, conveyancers and owners corporation managers (the Issues Paper)
* Options paper 3: Estate agents and conveyancers: options for reform (the Options Paper).

Eighteen stakeholders provided a submission responding to questions regarding real estate qualifications. Of these, 16 were in favour of improving training standards for either agents’ representatives or estate agents (or both). However, one submission expressed the view that current training requirements in Victoria are adequate, noting that the quality of delivery of education providers (including those interstate) should be scrutinised. Another submission by the Property Council of Australia[[16]](#footnote-17) expressed the view that the current requirements are largely irrelevant to the work of commercial property managers and agents and add little or no value, and that ‘companies which sell their services based on the superiority of the leasing and management skills of their staff would not want to rely on […] mandatory courses to maintain their competitive advantage’.

Submissions were received from a diverse range of stakeholders including licensed estate agents, educators, and consumer and industry bodies. Some of the areas identified for improvement for estate agents included understanding statutory requirements, managing trust monies, and the ability to complete legal documents. For agents’ representatives, areas identified for improvement included understanding of legislation, regulations and best practice.

### Preliminary consultation

The Department held preliminary consultations with a range of stakeholders about the proposed changes. A summary of their responses is detailed below.

#### Department of Education and Training

The Department of Education and Training (DET) provided information on:

* government funding for the courses of instruction set out in the options
* the new training package, and
* the vocational education and training industry, more broadly.

#### Real Estate Institute of Victoria

The REIV is the industry peak body for estate agents in Victoria, the REIV provided two options for an agent’s representative qualification and three options for an estate agent qualification.

#### Kaplan Professional

Kaplan Professional is a provider of professional education and training. It provided three options for an agent’s representative qualification and one option for an estate agent qualification.

#### Industry trainers

Feedback from three industry trainers included one option for an agent’s representative qualification and three options for an estate agent qualification. Two of the trainers provided additional feedback regarding work experience requirements for estate agents.

#### State and territory governments

State and territory governments (including Northern Territory, South Australia, Tasmania and Western Australia) provided information on the number of units they were considering prescribing for their estate agent qualifications and agent’s representative qualifications (or equivalents). See section 9.2 for a jurisdictional comparison.

# Problem analysis

## Establishing the base case

Section 14 of the Act precludes a person from being eligible to be granted an estate agent's licence unless they have:

* passed any courses of instruction or examinations prescribed by the regulations and met work experience requirements specified in that section; or
* held an estate agent’s licence in the previous five years; or
* met any other competency requirements prescribed in the regulations.

If no course of instruction is prescribed in regulations because the Interim Regulations expire and have not been replaced, this requirement in the Act has no effect. A person could be licensed as an estate agent if they satisfied the other grounds for eligibility, for example if they met the specified work experience requirements.

Similarly, section 16 of the Act requires a person to pass any prescribed course of instruction or examination to be eligible to be employed as an agent’s representative in addition to meeting other requirements in that section. If no course of instruction is prescribed, a person would only have to meet the other requirements in section 16.

However, it is assumed that some level of voluntary training would occur as the sector attempted to self-regulate. Incentives for self-regulation in relation to qualifications include the following:

* individual estate agency businesses would attempt to attract business based on their credentials, performance outcomes, and industry standing
* it is likely that industry commitment to some level of education would be entrenched given courses of instruction have been prescribed for over 20 years
* estate agency businesses would seek to ensure agents’ representatives and estate agents understand legislation, regulations, and best practice to avoid an increase in disputes and the associated costs
* qualifications would likely to be a requirement for membership of a peak body, such as the REIV, as is the case in other jurisdictions such as the United Kingdom (UK).

Accordingly, the Department has adopted as the base case for this RIS a scenario in which the industry self-regulates its own educational training. The base case can be defined in terms of coursework (for example duration/content of coursework) that the industry would recommend prospective agents’ representatives and estate agents to complete to achieve a basic level of competency.

## Problem analysis

Problem definition: If the real estate services sector were to self-regulate its own training, some agents are likely to fail to undertake the necessary standard of training required to ensure their competency. In turn, they would fail to minimise their risk of causing detriment to consumers.

An increase in the number of agents that fail to meet the minimum training required to ensure their competency is likely to have a negative effect on the reputation of the real estate industry, put vulnerable consumers at further risk, and increase the number of disputes between consumers and agents.

### Costs associated with a poor industry reputation

Feedback to the CPLR was in general agreement that the current level of training undertaken by estate agents and agents’ representatives is inadequate, eroding confidence in the industry and giving it a poor reputation. As one stakeholder (a qualified estate agent and teacher) noted, ‘Estate Agents […] should have a proper education in their field so that the public can be confident that they are dealing with a knowledgeable and ethical property professional’.

A study conducted in 2000, An Inquiry into the Professional Self-image of Real Estate Agents, indicated that the single most important thing estate agents felt could be done to enhance their professional image was the ‘requirement of more education before licensing’. The study also states that the second most important thing that could be done to enhance professional image was ‘greater emphasis on morals and ethics’.[[17]](#footnote-18)

Roy Morgan’s Image of Professions Survey in 2017 surveyed the percentage of Australians aged fourteen and over who rated professions as ‘very high’ or ‘high’ for ethics and honesty. That survey placed real estate agents third last out of thirty professions. Only seven percent of Australians rated real estate agents very high or high for their honesty.[[18]](#footnote-19)

Given the above feedback on current educational standards, the proliferation of underqualified agents in an unregulated setting is likely to lead to the further erosion of confidence in the real estate industry. The resulting decline in the industry’s reputation is also likely to lead to an increase in costs associated with searching for an agent. Consumers are likely to spend additional time screening potential agents to determine if they are competent or trustworthy.

Further, an increase in the time and effort to secure a sales agent would lead to a delay in the sale of a property that would otherwise have been put on the market sooner. This may reduce the rate of housing turnover (transactions in the housing market involving the transfer of ownership) in Victoria. Because industry revenue is tied to commissions on sales, fewer housing transfers would have a negative impact on the industry’s revenue growth.[[19]](#footnote-20)

A decrease in the rate of housing turnover can also have broader economic impacts. For example, more than half of property tax revenue is typically derived from the transfer of property ownership (in the form of stamp duty). A decline in the number of housing transactions would therefore be expected to reduce stamp duty revenue. Property tax revenue accounted for about 30 per cent of total state tax revenue for Victoria in the 2017-18 period.[[20]](#footnote-21) [[21]](#footnote-22)

Reduced housing turnover may also reduce consumer spending on retail items such as home furnishings, white goods and appliances, thus negatively impacting revenue in other industries.[[22]](#footnote-23)

### Risks to vulnerable tenants from substandard estate agents and agents’ representatives

Feedback to the CPLR raised concerns about current training standards for both estate agents and agents’ representatives. In particular, there was broad agreement that the training requirements for agents’ representatives are inadequate for the roles they are expected to perform, which can include sales representative, property manager or auctioneer.

The Tenants Union of Victoria (TUV) identified the inadequate training of property managers as the reason for a significant portion of their casework and emphasised the risk this presents to tenants, especially vulnerable tenants. The TUV stated that neither the agent’s representative nor estate agent’s course of instruction provides ‘adequate training to allow an agent or agent’s representative to undertake their role as a property manager in a professional and competent manner’.[[23]](#footnote-24)

In their submission to the CPLR, the TUV noted:

Many of the complaints that we receive, and a proportion of our casework activity, is the direct result of property managers not understanding the basic law of tenancy, irrespective of clear requirements under the Rules of Professional Conduct. Insufficient knowledge of responsibilities under the *Residential Tenancies Act 1997* [(the Residential Tenancies Act)] and anti-discrimination law is widespread amongst property managers.

It would appear that this is due to inadequate training, both at the initial stage of a career in property management or real estate more broadly[.][[24]](#footnote-25)

Further:

When a property manager misrepresents the rights and obligations outlined in the [Residential Tenancies Act] it can result in a number of serious consequences. These include a tenant losing their home and potentially facing homelessness, a tenant living in unsafe conditions lacking essential services, or a tenant facing large costs that may not be necessary. This has a particularly negative impact on tenants who have experienced family violence, and unfortunately Estate Agents frequently misunderstand the family violence provisions outlined in the [Residential Tenancies Act].

**Case study 1: risk to vulnerable tenants from substandard estate agents**

The case study below highlights the risk faced by vulnerable tenants from estate agents who do not have an adequate understanding of the law and their obligation to their tenants.

A tenant who was a victim of family violence sought assistance from the TUV. The tenant applied to reduce her lease under section 234 of the Residential Tenancies Act. The estate agent was not happy with the application, and tried to get the tenant to withdraw it and go through the normal lease breaking process. The estate agent clearly did not understand the law.

At the VCAT hearing the estate agent asked for $2000 from the tenant for lost rent. The agent then filed an excessive bond claim, asking for over $900 from the bond. At the hearing this claim was reduced to just over $100. If the tenant had not contacted the TUV for assistance, she would have had to pay almost $3000 to the landlord because of the agent’s misrepresentation of, or lack of understanding of, the law.[[25]](#footnote-26)

**Prevalence of financially disadvantaged tenants in Victoria**

The Tenancy Assistance and Advocacy Program (TAAP) is funded by CAV and provided by community agencies across 17 service area. This program provides an indication about the prevalence of financially disadvantaged tenants in Victoria. The community agencies that CAV funds to provide TAAP services help tenants dealing with issues in a private tenancy to avoid homelessness. The agencies provide a range of services, including information and referral to other services, negotiation with landlords or real estate agents, and assistance in preparing for and attending hearings at VCAT. TAAP services are available to Victorian residential tenants who are financially disadvantaged.

Table 6 shows the number of tenants assisted under the TAAP program for the 2013-14 to 2018-19 period. Following an extensive review undertaken by CAV with service providers and other stakeholders and a subsequent increase in funding in 2017-18, the number of disadvantaged tenants receiving assistance has increased over the last two years.

*Table 6: Tenants Assistance Advocacy Program data[[26]](#footnote-27) [[27]](#footnote-28)*

|  | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| --- | --- | --- | --- | --- | --- | --- |
| Tenants assisted under TAAP | 6178 | 6267 | 5758 | 6186 | 6893 | 8129 |

In light of the above stakeholder feedback and TAAP data, the Department assumes that a self-regulated real estate services sector is likely to lead to an increase in the number of inadequately trained property managers. This would increase the risk to tenants, especially vulnerable tenants, of severe harms such as a tenant losing their home and potentially facing homelessness, living in unsafe conditions lacking essential services, or facing large costs that may not be necessary.

### Disputes between consumers and agents

The deregulation of training requirements for estate agents and agents’ representatives is likely to increase the number of substandard agents operating in Victoria. In turn, this is likely to increase the number of disputes between agents and consumers.

The relationship between training standards and disputes was noted in a submission to the CPLR from a licenced principal agent. That agent observed that increased educational requirements for real estate agents ‘will reduce the number of complaints/issues dealt [with] by consumer affairs as well as VCAT’.

Further, mandatory training is particularly important given the legislative changes that have followed, and will follow, the Residential Tenancies Act Review and CPLR. In their feedback to the Issues Paper REIV noted that:

‘as significant industry changes are likely to be implemented in the coming years – including amendments to five key pieces of property legislation [i.e. the Residential Tenancies Act, the Sale of Land Act, the Owners Corporation Act, the Estate Agents Act and the Conveyancers Act] – it’s imperative that the state’s Agent’s Representatives have a comprehensive understanding of legislation, regulations and best practice’.

According to the Real Estate Institute of Australia, Western Australia provides a good case study on the impact of mandated training. In Western Australia, mandatory continuing professional development (CPD) was introduced for licensees in 2007 and for sales representatives in 2009. For the five years up until and including 2009, the average number of written concerns raised by the public with the Real Estate Institute of Western Australia was 143 per year with a high of 196 in 2009. In 2010, the year immediately after mandatory CPD was introduced for sales representatives, the number of written concerns dropped to 58 (a 70% reduction over the previous year). The average for the three years to 2012 has been 55 (or a 61% reduction from the five years 2005 to 2009). Similarly, in the Australian Capital Territory industry standards have improved since the commencement of CPD.[[28]](#footnote-29)

While CPD is not within the scope of this review (see section 6.3), the experiences in Western Australia and the Australian Capital Territory, as well as stakeholder feedback, suggest there is a negative relationship between the level of training of agents’ representatives and estate agents and the incidence of consumer complaints. As such, this RIS assumes that as the level of training increases, the frequency of complaints made by consumers will decrease.

However, the precise relationship between the level of training and the incidence of complaints is uncertain and is likely to be affected by other factors such as diminishing returns, quality of training, and the relevance of course content. The Department makes the further assumption that a decline in complaints is likely to be accompanied by a decrease in the frequency of disputes.

**Question**

What is the nature of the relationship between the level of training received by agents’ representatives and estate agents and the incidence of complaints against them, and what factors help shape that relationship?

Is it likely that a decrease in complaints will be accompanied by a decrease in disputes?

**Case study 2: dispute resulting from estate agent’s lack of competency**

The following case study illustrates how a dispute may result from an agent’s lack of understanding of the law.

A tenant received a notice to vacate for sale. The selling agent sought to conduct open house inspections, the tenant objected as they had a family and was finding them very disruptive. The Agent informed the tenant that they had no say in when the open house inspections would take place. The tenant sought a restraining order from VCAT to stop the open house inspections as the Agent would not negotiate. Due to this the Agent had to cancel a number of open house inspections. After the tenant moved out the Agent attempted to sue the tenant in the VCAT Civil List for over $7000, alleging the tenant’s conduct caused the landlord a loss. This is despite the fact that the tenant was acting within their rights under the RTA, and it was the Agents responsibility to negotiate consent from the tenant to hold open house inspections.[[29]](#footnote-30)

As noted above, it is likely that a decrease in training standards and, therefore, professional competence, would increase disputes between consumers and agents throughout the sector.

Time and other resources are expended by estate agents and consumers who pursue disputes via CAV or VCAT. Tables 7 and 8 outline VCAT’s application and hearing fees for issues associated with renting a home and disputes about goods and services, respectively. Application fees to have a residential tenancy matter heard by VCAT range from $65.30 for claims between $1 and $15,000 to $217.70 for claims above $15,000. Application fees for disputes about goods and services range from $65.30 for claims valued up to $15,000, to $1,669.10 for claims above $5 million.

In addition to these application costs, consumers may have to spend time preparing for a case to be heard and possibly take time off work to attend a hearing. This may present a significant cost for vulnerable and disadvantaged consumers.

*Table 7: Renting a home: standard application fees*

|  | Between $1 - $15,000 | $15,000 + |
| --- | --- | --- |
| Claims | $65.30 | $217.70 |

*Table 8: Disputes about goods and services: standard application fees*

|  | Between $1 - $15,000 | $3,001 - $15,000 | $15,001 - $100,000 | $100,001 - $500,000 | $501,000 - $1 million | $1.1 million - $5 million | $5 million + |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Claims | $65.30 | $217.70 | $487.20 | $798.30 | $1088.60 | $1,378.80 | $1,669.10 |

Residential Tenancies was VCAT’s busiest division in terms of the number of applications received for the 2018-19 period, with more than 52,000 applications. These applications were mostly received from landlords represented by estate agents or property managers. Applications from tenants and residents have increased steadily across the 2014-15 to 2018-19 period. This increase may reflect the growth in the private rental market. Thirty-two percent of Australian households rented their home in 2017–18, up from thirty percent in 2015–16. Sixty-six percent of Australian households owned their own home with or without a mortgage in 2017-18, down from sixty-eight percent in 2015–16.[[30]](#footnote-31)

Table 9 shows the number of applications submitted to VCAT by applicant type for residential tenancies for the 2013-14 to 2018-19 period.

*Table 9: VCAT applications list for residential tenancies for 2013-14 to 2018-19 period[[31]](#footnote-32)*

| Applications by Application Type | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| --- | --- | --- | --- | --- | --- | --- |
| Director of housing | 14,396 | 12,936 | 12,172 | 10,799 | 9,352 | 8,628 |
| Landlords represented by estate agents or property managers | 39,302 | 38,794 | 36,520 | 34,785 | 33,376 | 31,973 |
| Private landlords | 2,653 | 2,537 | 2,653 | 2,770 | 3,335 | 3,830 |
| Tenants or residents | 3,954 | 3,931 | 4,038 | 5,135 | 6,049 | 6,693 |
| Others (including Rooming House Owners and Caravan Park Owners) | 821 | 986 | 1,029 | 1,062 | 1,100 | 1,288 |
| Total | 61,126 | 59,184 | 56,412 | 54,551 | 53,212 | 52,412 |

Table 10 shows the number of enquires and complaints recorded by CAV regarding agent- managed residential properties and residential property sales for the 2017-19 period (no data was available prior to 2017). This data also provides an indication of the number disputes between consumers and agents in real estate sector.

*Table 10 – Number of enquiries and complaints for the 2017-19 period*

|  | 2017 | 2018 | 2019 |
| --- | --- | --- | --- |
| Agent managed residential properties | 1,545 | 1,595 | 1,380 |
| Residential property sales | 7,127 | 6,793 | 8,938 |
| Total | 8,672 | 8,388 | 10,318 |

# Objectives of action

## Policy context

Victorian government policy aims to achieve a fair and safe rental market for all Victorians, especially for vulnerable and disadvantaged tenants, and seeks to ensure businesses comply with consumer laws.[[32]](#footnote-33)

Recent legislation and reviews that reflect government policy in relation to the real estate sector include:

* The *Residential Tenancies Amendment Act 2018,* which includes more than 130 reforms designed to increase protections for renters, while ensuring those who provide rental housing can still effectively manage their properties.[[33]](#footnote-34)
* *Residential Tenancies Amendment (Long-term Tenancy Agreements) Act 2018*
* The CPLR, which touched on issues such as the adequacy of training requirements for estate agents and agent’s representatives and the potential costs of mandating higher entry standards for estate agents (see section 3.2.1).

## Objectives

The first objective of the Proposed Regulations is to ensure that estate agents and agents’ representatives undertake training that equips them with the necessary skills to perform their duties competently, and render services with the expected level of due care and skill. This objective will assist in:

* improving the reputation of the real estate industry
* reducing risks to vulnerable tenants from substandard agents
* reducing disputes between consumers and agents.

The second objective of the Proposed Regulations is to ensure the prescribed course of instruction for estate agents and agents’ representatives does not impose an undue cost on RTOs, estate agency businesses, students and consumers.

# Options

## A streaming system will not be incorporated into the course structure

During the preliminary consultation, stakeholder feedback raised the option of introducing streams into the course structure to allow students to specialise in their course of study. Specifically, this option was raised for the agent’s representative course to allow students to select their stream depending on what role in industry they wish to pursue. It was suggested that students complete all core units and then choose one of the following streams:

* + Stream 1: Group A – Residential Property Sales
  + Stream 2: Group B – Residential Property Management, or
  + Stream 3: Group G – Commercial Sales and Leasing and Group H - Commercial and Property Management.

In addition to the arguments against streaming outlined below, streaming for agent’s representatives was rejected given it is a ‘baseline’ qualification and, as such, it would be preferable if all new candidates entering the industry received the same baseline education.

Streams may offer the following benefits:

* A student can tailor the course of instruction to suit their individual circumstances, which may determine the type of work they undertake. These circumstances may include where they conduct their work, as well as the nature of their clientele and business (for example, whether the estate agent is an employee or has their own agency).
* They allow individuals to select a stream depending on what industry they wish to pursue. For example, some estate agents may specialise in residential property sales rather than commercial property sales, or alternatively they may specialise in property management.

While there are potential benefits of streams, issues that could arise from streams include:

* There could be an over-representation in some streams resulting in a pool of candidates competing for the same work.
* There could be an under-representation in some streams, resulting in a lack of expertise within the industry as more senior agent representatives and estate agents retire or leave the industry.
* If an individual wanted to work in another area they would not be equipped to do so, and further study would be required.
* If there was a business need for certain industry professionals, individuals who already worked for that business would not be able to transition to another role within the business easily, and it may be difficult for businesses to hire appropriate staff.
* If the streams are different lengths (which is likely) this may result in different costs for each stream. If cost was a factor for candidates, some candidates may choose to do the most affordable stream even if it was not their preferred stream. This may mean that certain streams are over-represented, or candidates may later stop working in an area altogether.

Streaming for agents’ representatives was also not pursued as an option in the RIS as streaming would require substantive changes to the Act, which are outside the scope of this review.

## A restricted licensing scheme is not within the scope of this review

The introduction of a restricted licence scheme would require substantive changes to the Act. As such, it is not within the scope of this review.

## Continuing professional development is not within the scope of this review

The introduction of CPD would require substantive changes to the Act. Such changes are not within the scope of this review.

## Options

The Department undertook a detailed comparative analysis comparing the performance criteria of each individual unit prescribed in the Interim Regulations (that is, from the existing package) with the performance criteria of each individual unit in the Certificate IV and Diploma (that is, the New Training Package).

Where there were sufficient similarities between the performance criteria (and therefore, the units) of each package, those units from the New Training Package were shortlisted. This was done to ensure that each of option in this RIS consists of units that support estate agents and agents’ representatives to carry out their duties competently and meet the requirements of Act.

In conjunction with the above comparative analysis, the Department undertook preliminary consultation with key stakeholders, including the REIV and DET, to seek their views on which units should be included in each course of instruction. The Department sought general feedback on the new training package from stakeholders that deliver Victorian coursework. The Department also considered the unit selection made by other jurisdictions for each jurisdiction’s equivalent qualification.

Based on the comparative analysis, stakeholder consultation and jurisdictional comparison, the Department developed three options for the agent’s representative course of instruction and four options for the estate agent course of instruction. Each of the options reflect a different level of competency defined in terms of the number, subject matter and qualification level of units.

For the agent’s representative course of instruction, option 1 reflects the minimum level of training required for agents to perform their duties competently and render services with the expected level of due care and skill. Option 2 consists of all the units in option 1, plus some additional units. And option 3 consists of all the units in option 2, plus some additional units.

For the estate agent course of instruction, option 1 reflects the minimum level of training required for agents to perform their duties competently and render services with the expected level of due care and skill. Option 2 consists of all the units in option 1, plus some additional commercial Certificate IV units. Option 3 consists of all the units in Option 1, plus the Diploma. Option 4 consists of all the units in Option 2, plus the Diploma.

**Appendix 2** outlines the units contained in each option for both the agent’s representative options and estate agent options. It also provides an estimate of the duration of each unit as well as an estimate of the duration of the course of instruction outlined for each option.[[34]](#footnote-35)

**Appendix 3** outlines the units contained in the current qualifications, which include 24 units from the current Certificate IV for the estate agent’s course and the three units from the current Certificate IV for the agent’s representative course. It also provides an estimate of the duration of each unit as well as an estimate of the duration of each course of instruction.

While the purpose of this RIS is to compare the options against the Base Case, **Appendix 4** shows the estimated course duration of the current estate agents’ course and agents’ representative course and the various options.

Units for the current Certificate IV and current Diploma are not equivalent to units from the Certificate IV or Diploma, and, as such, cannot be compared in terms of content.

### Key assumptions used for quantitative analysis and multi-criteria analysis

In the absence of the Proposed Regulations, it is assumed that some level of training will voluntarily occur in the Victorian real estate sector (see section 3.1).

**Quantitative analysis**

For the purposes of the quantitative analysis, the Base Case can be defined in terms of the duration of a course of instruction that agents’ representatives and estate agents would voluntarily undertake to achieve a basic level of competency.

The Department has modelled these courses of instruction on real estate courses offered by Propertymark, a leading industry association in the UK (where there is no legal requirement that estate agents hold a qualification).

As such, it is assumed that the duration of training for estate agents and agents’ representatives in an unregulated setting is 330 hours and 90 hours, respectively (see section 7.1.2).

**Multi-Criteria analysis**

The MCA consists of four criteria:

1. Reputation of the real estate services industry
2. Reduced risk to vulnerable tenants from substandard estate agents and agents’ representatives
3. Reduced disputes between consumers and agents
4. Cost impact on students.

The Department has used an MCA to make a qualitative assessment of the options against criterion 1, 2, 3 and 4 in relation to the Base Case. Given limited information regarding the content of the course of instruction that might be undertaken by estate agents and agents’ representatives in an unregulated setting, the Department makes the following assumptions:

* Any voluntary training undertaken in Victoria subsequent to the expiry of the Interim Regulations will be based on the New Training Package.
* Agents’ representatives will complete around 90 hours of course work drawn from core units (that is, two or three subjects).
* Estate agents will complete around 330 hours of coursework drawn from either core units, Residential Property Sales (Group A) units, Residential Property Management (Group B) units or Auctioneering (Group D) units.

Results from the quantitative analysis (see section 8.1.5) will be used to assess Criterion 4.

### Options: Agent’s Representative course

The options for the agent’s representative course of instruction are summarised as follows:

**Option 1: Prescribe 12 Certificate IV Units**

Candidates must complete a total of 12 Certificate IV units comprising of the core units, some units from Group A (Residential Property Sales) and Group B (Residential Property Management), and a general elective unit in order to meet the minimum level of competency.

**Option 2: Prescribe 16 Certificate IV Units**

Candidates must complete a total of 16 Certificate IV units comprising of the 12 units in Option 1, as well as some additional units in Group A and Group B.

**Option 3: Prescribe 18 Certificate IV Units**

Candidates must complete 18 Certificate IV units comprising of the 16 units in Option 2, as well as one unit from Group D (Auctioneering) and one additional general elective unit.

### Options: Estate Agent course

The options for the estate agent course of instruction are summarised as follows:

**Option 1: Prescribe 22 Certificate IV units**

Candidates must complete a total of 22 Certificate IV units comprising of the core units, all units from Group A (Residential Property Sales) and Group B (Residential Property Management), three units from Group D (Auctioneering), and four general elective units in order to meet the minimum level of competency.

**Option 2: Prescribe 29 Certificate IV units**

Candidates must complete a total of 29 Certificate IV units comprising of the 22 units in Option 1, as well as a total of seven units from Group G (Commercial Sales and Leasing) and Group H (Commercial and Property Management).

**Option 3: Prescribe 22 Certificate IV units and 12 Diploma units**

Candidates must complete the 22 Certificate IV units referred to in option 1, as well as 12 units from the Diploma (comprising the seven core units and five elective units). Candidates are free to complete any five elective units from the Diploma.

**Option 4: Prescribe 29 Certificate IV Units and 12 Diploma Units**

Candidates must complete the 29 Certificate IV units referred to in option 2, as well as 12 units from the Diploma (comprising the seven core units and five elective units). Candidates are free to complete any five elective units from the Diploma.

# Infeasible Options

### Base Case – Letting Interim Regulations sunset without replacement

Letting the current regulation sunset without replacement would result in the following:

* a reduction in the number of suitably qualified agents operating in the real estate services sector
* a decline in the reputation of the real estate services sector
* an increase in risks faced by vulnerable tenants
* an increase in the number of disputes between consumers and agents.

# Impact analysis

## Quantitative analysis

### Options for quantifying the Base Case

The Department considered three options for determining the educational standards (measured in terms of the duration of a course of instruction) that would emerge in a self-regulated real estate sector. The three options are:

1. Use current Victorian educational standards (as set out in the Interim Regulations)
2. Use minimum requirements based on advice from industry stakeholders
3. Use an appropriate course of instruction from a self-regulated jurisdiction outside Australia.

The educational standards that would emerge in a self-regulated real estate sector in Victoria are likely to be influenced by contextual factors, including:

* existing qualification models (which may have entrenched, to some extent, a commitment by business to ensure employees undertake some level of education)
* the willingness of practitioners to adhere to the recommended course of instruction suggested by the relevant professional bodies (greater training requirements may result in a diminished willingness to participate in training)
* the preferences expressed by business and professional bodies regarding course content.

These contextual factors make it difficult to predict the educational standard that would emerge in a self-regulated scenario. Therefore, the Department will use option 3 as it will provide a concrete real-world example of what a self-regulated real estate services sector in a similar jurisdiction looks like.

### Limitations of quantitative analysis

Given the number of individuals that would undertake training in an unregulated setting is unknown, an aggregate measure of the total impact on employers, students and consumers in the Base Case cannot be provided. As such, this RIS does not provide an aggregate measure of the additional impact on students, employers and consumers for each option.

However, this RIS provides an approximation of the additional impact each option will have on individuals who would have otherwise completed a qualification in an unregulated setting (that is, the Base Case). Further, this RIS provides an individual and aggregate assessment of the total impact the options will have on employers, students and consumers.

### Base Case

#### The United Kingdom real estate services sector

Property agents (that is, letting agents, managing agents, sales agents and auctioneers) operating in the UK are not required to hold any qualifications, as there is no statutory regulation to ensure they are suitably qualified. However, professional bodies, trade associations and others offer a range of courses and certifications. Many property agents have voluntarily undertaken one (or more) of these. Hence, property agents in the UK ‘self-regulate’ in relation to qualifications.[[35]](#footnote-36) For further details on the UK real estate industry see **Appendix 5**.

#### Propertymark qualifications and Victorian equivalent

Propertymark is a leading professional body in the UK real estate services sector that combines three different property services associations into a single brand.[[36]](#footnote-37) The following three Propertymark associations represent estate agents, letting and management agents, and auctioneers, respectively:

* National Association of Estate Agents (NAEA)
* Association of Residential Letting Agents (ARLA)
* National Association of Valuers and Auctioneers (NAVA).

Propertymark accounts for a large proportion of real estate practitioners that belong to professional bodies in the UK. It offers several qualifications that each provide a pathway to a different level of membership of the Propertymark organisation. Two of these qualifications approximate Victoria’s agent’s representative and estate agent qualifications. For further information on Propertymark see **Appendix 6**.

Propertymark membership grades

**Student grade** – Student membership of the various Propertymark associations does not require the completion of a course of instruction or employment in the industry. There is no equivalent category in Victoria that can be compared to the student grade membership, as it has no course or work experience requirements.

**Associate grade** – Level 2 membership qualifications offered by Propertymark are for those who are new to the industry and wish to become an Associate. This qualification would apply to agents’ representatives in the Victorian context.

**Member grade** – Level 3 membership qualifications offered by Propertymark are for those who have some experience and want to further deepen their knowledge and wish to become a member (with the exception of the ARLA which requires a Level 2 qualification to become a Member). This qualification would apply to estate agents in the Victorian context.

**Fellow grade** – Level 4 membership qualifications are for those currently working, or seeking to work, at the management level. Educational requirements for occupational categories beyond agent’s representative and estate agent are not currently prescribed in Victoria. Accordingly, level 4 membership qualifications are not considered in the Base Case.

Table 11 outlines the various Propertymark membership grades and corresponding course requirements and their Victorian equivalents in relation to qualifications and jobs.

*Table 11: Propertymark course requirements for various levels of membership and Victorian equivalents*

| Grade | NAEA  Course Level | ARLA  Course Level | NAVA  Course Level | Victorian Course Equivalent | Victorian Job Equivalent |
| --- | --- | --- | --- | --- | --- |
| Student | None | None | None | - | - |
| Associate | None | Level 2 | None | Agent’s Representative Certificate | Agent’s Representative |
| Member | Level 3 | Level 2 | Level 3 | Certificate IV in Real Estate Practice | Licensed Estate Agent |
| Fellow | Level 4 | Level 4 | Diploma; Higher National Diploma; Degree | Diploma of Property (Agency Management); Degree | Principal Agent or Officer in Effective Control |

Table 12 below indicates that the time require to complete a level 2, level 3 and level 4 Propertymark course is 90 hours, 120 hours and 260 hours, respectively.

*Table 12: Time required to complete a level 2, 3 or 4 Propertymark course*

| Course Level | Course Duration |
| --- | --- |
| Level 2 | 90 hours |
| Level 3 | 120 hours |
| Level 4 | 260 hours |

Given the status and size of the NAEA, ARLA and NAVA and the fact that Propertymark qualifications can be roughly aligned to qualifications and job roles in Victoria, Propertymark qualifications provide a sound basis for hypothesising the level of training that would occur in an unregulated real estate services sector in Victoria.

While Victoria’s agent’s representative and estate agent course each cover skills for estate agents, property managers and auctioneers, Propertymark offers different courses for each of these occupations. Therefore, for ease of comparison, this RIS will aggregate Propertymark course requirements for estate agents, property managers and auctioneers at each course level.

#### Base Case for agents’ representative certificate

Associate membership at Propertymark requires that an individual has completed approximately 90 hours of course work (in aggregate terms).

Therefore, the Department assumes that in a hypothetical self-regulation scenario, agents’ representatives will undertake approximately 90 hours of voluntary course work.

The REIV’s agents’ representative course amounts to approximately 85 hours of learning. Therefore, the course requirements in the UK to become an associate of the ARLA, NAEA and NAVA and the current course requirements in Victoria to operate as an agents’ representative are similar in terms of course duration.

#### Base Case for Certificate IV

To become a member at Propertymark requires that an individual complete approximately 330 hours of course work (in aggregate terms).

Table 13 shows that the course duration for membership of the NAEA, ARLA and NAVA sums to 330 hours.

*Table 13: Total course hours required for membership of NAEA, ARLA and NAVA*

| Organisation | Course Level for Membership | Course Duration (hours) |
| --- | --- | --- |
| NAEA | 3 | 120 |
| ARLA | 2 | 90 |
| NAVA | 3 | 120 |
| Total |  | 330 |

Therefore, the Department assumes that in a hypothetical self-regulation scenario, estate agents in Victoria will undertake approximately 330 hours of voluntary course work.

#### Base Case – assumption regarding government funding

The Department assumes that the relevant professional bodies in Victoria are likely to develop a non-accredited course of instruction[[37]](#footnote-38) for estate agents and agents’ representatives in line with the above Propertymark requirements if the sector were self-regulated. Skills First Funding is not available for non-accredited real estate courses. As such, the Department assumes that courses developed in a self-regulated setting will not receive funding.

### Impacted stakeholders

According to the VGR, impact assessments should estimate costs to stakeholders, drawing on available cost data, stakeholder consultation and published studies, and should disaggregate costs where these differ across groups.

As such, this RIS provides a quantitative assessment of the estimated impact of the proposed options on RTOs, students, employers, and consumers. In terms of students, the costs are disaggregated based on the course of instruction being undertaken and whether the course is funded or full fee. Employer costs are disaggregated into costs incurred by employers that employ a student undertaking an agent’s representative course of instruction and costs incurred by employers that employ a student undertaking an estate agent course of instruction.

Similarly, consumer costs are disaggregated in terms of costs incurred by consumers who procure services from estate agents that employ students undertaking an agent’s representative course of instruction, and costs incurred by consumers who procure services from estate agents that employ students undertaking an estate agent course of instruction.

This RIS treats RTOs as a homogenous category that does not require disaggregation. Therefore, the Department makes the simplifying assumption that RTOs are impacted equally.

The cost impact on government is also considered.

For more detailed information regarding the quantitative analysis see **Appendix 7**.

**RTOs**

Costs faced by RTOs include one-off costs associated with course development and scope of registration fees (see section 18.1). Based on advice from relevant stakeholders, the Department assumes that RTOs will recover the one-off course development costs and scope of registration fees via course fees, thereby indirectly impacting students.

**Students**

Economic costs faced by students includes course costs (including for tuition fees and materials) and opportunity cost (that is, the time spent outside work hours completing relevant course of instruction that could have otherwise been used for leisure).

**Employers**

Costs faced by employers are based on the number of ‘withdrawal hours’ (time off work to study) they provide to employees who are undertaking a course of instruction. The Department assumes that employers will pass on the costs associated with withdrawal time to consumers.

**Consumers**

If more rigorous qualifications resulted in fewer qualified estate agents and agent’s representatives operating in Victoria, there may be a corresponding increase in agents fees. However, based on internal policy advice and stakeholder consultation, the Department assumes that it is unlikely that more rigorous qualifications will reduce the number of qualified agents operating in Victoria. The reasons for this assumption are as follows:

* In the immediate period after the regulations are made, the number of estate agents and agents representatives operating in the industry will not change given industry practitioners are already qualified under the current legislation and will not be required to complete a further course of instruction.
* Further, the 11-month transition period (see section 2.3) that remains after making the regulations would ensure that there will not be an immediate drop in the number of agents’ representatives. This is because the current agents’ representative course only consists of three units. Similarly, an immediate drop in the number of estate agents is not expected as the current Certificate IV consists of 24 units and can be completed in around six months.
* If there was a drop in the number of estate agents and agent’s representatives seeking to enter the industry, individuals already working within the industry are likely to be transitioned across (repurposed) to work as estate agents or agents’ representatives to ensure there is no shortage of industry practitioners.
* Finally, as advised by industry stakeholders, better educational standards are likely to encourage individuals into the industry who would not have otherwise considered real estate as a career path. This is likely to balance out any decline in enrolments that may result from an increase in course size.

As such, it is assumed that there will not be a corresponding increase in agents’ fees. Further, as discussed in section 8.1.5 below, the costs associated with withdrawal time that are passed on to consumers from employers are not considered significant.

**Question**

Do you agree or disagree with the arguments outlined in section 8.1.4 regarding the impact more qualifications will have on the number of qualified agents operating in Victoria?

**Government**

While monitoring and enforcement costs will not change, the government will have to implement information technology changes including to update:

* the relevant information management systems
* the CAV website.

There will also be costs associated with communicating the new regulatory requirements to stakeholders via a variety of means subsequent to the regulations being made, including:

* social media and information campaigns targeting RTOs and employers
* updated and more comprehensive guidance via the CAV website and call centre.

Based on consultation with internal stakeholders, these costs are considered negligible.

### Quantitative analysis results

#### Net present value calculations based on the 2021-30 period

The cost impact of a set of regulations is measured over a ten-year period, that is the life of the regulations. Given the Proposed Regulations commence in October 2020 and sunset in October 2030, the calculations, including the net present value (NPV), are based on the 2021-30 period. As such, the NPV for students and employers is determined for the 2021-30 period and then divided by 10 to give an average annual cost for that period. See **Appendix 7** for further details.

#### Annual number of students for 2021-30 period

Based on stakeholder feedback and data from NCVER, it is estimated that 2,033 agents’ representatives will enter the industry each year for the 2021-30 period. Based on CAV data, it is estimated that 893 estate agents will enter the industry each year for the 2021-30 period.

Of the 2,033 agents’ representatives entering the industry each year for the 2021-30 period, it is assumed that 208 will receive government funding and 1,825 will be charged full fees for the agent’s representative course of instruction. Of the 893 estate agents entering the industry each year for the 2021-30 period, it is assumed 305 will receive government funding and 588 will be charged the full fee for the estate agent course of instruction. See **Appendix 7** (section 18.2 and 18.3) for further details.

#### Agent’s representative students

Course costs faced by students will vary depending on the educational institution they choose to attend. This RIS therefore provides an upper bound and lower bound estimate of both economic costs (that is, opportunity costs plus course costs) and course costs based on the current range of fees charged by various RTOs. As noted in section in 8.1.4, opportunity cost is the time spent outside work hours completing the relevant course of instruction that could have otherwise been used for leisure. One-off course development costs incurred by RTOs have been incorporated into the course cost and are reflected in the figures below. Student costs are disaggregated into funded and full fee categories.

Tables 14, 15 and 16 provide a quantitative assessment of the estimated economic cost that the options are likely to have on students undertaking the agent’s representative course of instruction. Table 14 and 15 outline the total economic cost (that is, the total of all the individual economic costs), while Table 16 outlines the individual economic cost.

Tables 17 and 18 provide a quantitative assessment of the estimated impact in terms of course costs alone, that is by excluding the opportunity cost component.

See **Appendix 7** for further information regarding the assumptions and methodology used in this quantitative analysis.

Table 14 provides an estimate of the total annual economic cost to students undertaking an agent’s representative course of instruction for the three options for the 2021 to 2030 period (note that each year represents a different set of students). Option 3 has the greatest impact and option 1 has the least impact.

*Table 14: Estimate of the total annual economic cost to students undertaking an agent’s representative course of instruction for the 2021 to 2030 period*

| **Economic cost (total) – agent’s representative students** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Agent’s Representative Students | $13,289,891 | $19,669,512 | $18,454,760 | $26,959,766 | $19,595,656 | $29,165,638 |

Table 15 provides an estimate of the annual economic cost to individual students undertaking an agent’s representative course of instruction for the Base Case and three options for the 2021 to 2030 period. Option 3 has the greatest impact and option 1 has the least impact. The costs are disaggregated based whether the course is funded or full fee.

*Table 15: Estimate of annual economic cost to individual students undertaking an agent’s representative course of instruction for the 2021 to 2030 period*

| **Economic cost (individual) – agent’s representative students** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Base Case** | | **Option 1** | | **Option 2** | | **Option 3** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Agent’s Representative – Funded | n/a | n/a | $6,657 | $7,890 | $9,238 | $10,881 | $9,819 | $11,668 |
| Agent’s Representative – Full fee | $1,340 | $2,037 | $6,523 | $9,878 | $9,059 | $13,532 | $9,617 | $14,650 |

Table 16 provides an estimate of the additional annual economic cost to individual students (with respect to the Base Case) undertaking an agent’s representative course of instruction for the three options for the 2021 to 2030 period. Option 3 has the greatest impact and Option 1 has the least impact. As noted, the costs are disaggregated based whether the course is funded or full fee. The additional cost impact is the difference between the relevant option and corresponding Base Case (for example, option 1 upper bound minus Base Case upper bound).

*Table 16: Estimated additional annual economic cost (difference between relevant option and corresponding base case) to individual students* *undertaking an agent’s representative course of instruction for the 2021 to 2030 period*

| **Economic cost (individual) – agent’s representative students (difference between option and Base Case)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Agent’s Representative – Funded | $5,318 | $5,853 | $7,898 | $8,844 | $8,480 | $9,631 |
| Agent’s Representative – Full Fee | $5,183 | $7,841 | $7,719 | $11,494 | $8,278 | $12,613 |

Table 17 provides an estimate of the annual course costs incurred by individual students undertaking an agent’s representative course of instruction for the Base Case and three options for the 2021 to 2030 period. Option 3 has the greatest impact and option 1 has the least impact.

*Table 17: Estimate of annual course costs incurred by individual students undertaking an agent’s representative course of instruction for the 2021-30 period.*

| **Course Costs (Individual) – Agent’s Representative Students** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Base Case** | | **Option 1** | | **Option 2** | | **Option 3** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Agent’s Representative – Funded | n/a | n/a | $479 | $1,706 | $639 | $2,275 | $719 | $2,559 |
| Agent’s Representative – Full Fee | $80 | $853 | $346 | $3,687 | $461 | $4,916 | $518 | $5,531 |

Table 18 provides an estimate of the additional course costs incurred by individual students (with respect to the Base Case) undertaking an agent’s representative course of instruction for the three options for the 2021 to 2030 period. Option 3 has the greatest impact and option 1 has the least impact. The additional cost impact is the difference between the relevant option and corresponding base case (for example, option 1 upper bound minus Base Case upper bound).

*Table 18: Estimate of annual additional course costs incurred by individual students undertaking an agent’s representative course of instruction for the 2021-30 period.*

| **Course Costs (Individual) – Agent’s Representative Students (Difference between Option and Base Case)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Agent’s Representative – Funded | $399 | $852 | $559 | $1,421 | $639 | $1,705 |
| Agent’s Representative – Full Fee | $266 | $2,834 | $381 | $4,063 | $438 | $4,677 |

#### Estate agent students

As the course costs for students will vary depending on the educational institution they choose to attend, this RIS provides an upper bound and lower bound estimate of both economic costs (that is, opportunity costs plus course costs) and course costs based on the current range of fees charged by various RTOs. As noted in section in 8.1.4, opportunity cost is the time spent outside work hours completing relevant course of instruction that could have otherwise been used for leisure. One-off course development costs incurred by RTOs have been incorporated into the course cost and are reflected in the figures below. Student costs are disaggregated into funded and full fee categories.

Tables 19, 20 and 21 provide a quantitative assessment of the estimated economic cost the options are likely to have on students undertaking the estate agent course of instruction. Table 19 and 20 outline the total economic cost (i.e. the total of all the individual economic costs), while Table 21 outlines the individual economic cost.

Tables 22 and 23 provide a quantitative assessment of the estimated impact in terms of course costs alone, i.e. by excluding the opportunity cost component.

See **Appendix 7** for further information regarding the assumptions and methodology used in this quantitative analysis.

Table 19 provides an estimate of the total annual economic cost to students undertaking an estate agent course of instruction for the four options for the 2021 to 2030 period (note that each year represents a different set of students). Option 4 has the greatest impact and option 1 has the least impact.

*Table 19: Estimate of the total annual economic cost to students undertaking an estate agent course of instruction for the 2021 to 2030 period*

| **Economic Cost (Total) – Estate Agent Students** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | | **Option 4** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Estate Agent Students | $10,088,370 | $14,473,749 | $14,760,511 | $20,650,624 | $21,307,202 | $28,624,901 | $24,628,827 | $33,452,981 |

Table 20 provides an estimate of the annual economic cost to individual students undertaking an estate agent course of instruction for the Base Case and four options for the 2021 to 2030 period. Option 4 has the greatest impact and option 1 has the least impact. The costs are disaggregated based whether the course is funded or full fee.

*Table 20: Estimate of annual economic cost to individual students undertaking an estate agent course of instruction for the 2021 to 2030 period*

| **Economic Cost (Individual) – Estate Agent Students** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Base Case** | | **Option 1** | | **Option 2** | | **Option 3** | | **Option 4** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Estate Agents – Funded | n/a | n/a | $11,724 | $14,240 | $17,476 | $21,155 | $23,853 | $27,899 | $28,093 | $33,303 |
| Estate Agents – Full Fee | $4,956 | $7,323 | $11,069 | $17,222 | $16,028 | $24,136 | $23,850 | $34,196 | $27,297 | $39,600 |

Table 21 provides an estimate of the additional annual economic cost to individual students (with respect to the Base Case) undertaking an estate agent course of instruction for the four options for the 2021 to 2030 period. Option 4 has the greatest impact and option 1 has the least impact. As noted, the costs are disaggregated based whether the course is funded or full fee. The additional cost impact is the difference between the relevant option and corresponding base case (for example, Option 1 upper bound minus Base Case upper bound).

*Table 21: Estimated additional annual economic cost (difference between relevant option and corresponding base case) to individual students* *undertaking an estate agent course of instruction for the 2021 to 2030 period*

| **Economic Cost (Individual) – Estate Agent Students (Difference between Option and Base Case)** | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | | **Option 4** | | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Estate Agents – Funded | $6,769 | $6,917 | $12,520 | $13,832 | $18,897 | $20,576 | $23,137 | $25,980 |
| Estate Agents – Full Fee | $6,113 | $9,899 | $11,072 | $16,813 | $18,895 | $26,873 | $22,342 | $32,278 |

Table 22 provides an estimate of the course costs incurred by individual students undertaking an estate agent course of instruction for the Base Case and four options for the 2021 to 2030 period. Option 4 has the greatest impact and option 1 has the least impact.

*Table 22: Estimate of annual course costs incurred by individual students undertaking an estate agent course of instruction for the 2021-30 period.*

| **Course Costs (Individual) – Estate Agent Students** | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Base Case** | | **Option 1** | | **Option 2** | | **Option 3** | | **Option 4** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Estate Agents – Funded | n/a | n/a | $1,285 | $3,788 | $2,276 | $5,939 | $1,856 | $5,887 | $2,847 | $8,037 |
| Estate Agents – Full Fee | $370 | $3,952 | $634 | $6,760 | $835 | $8,910 | $1,853 | $12,167 | $2,055 | $14,318 |

Table 23 provides an estimate of the additional course costs incurred by individual students (with respect to the Base Case) undertaking an estate agent course of instruction for the four options for the 2021 to 2030 period. Option 4 has the greatest impact and option 1 has the least impact. The additional cost impact is the difference between the relevant option and corresponding base case (for example, Option 1 upper bound minus Base Case upper bound).

*Table 23: Estimate of annual additional course costs incurred by individual students undertaking an estate agent course of instruction for the 2021-30 period.*

| **Course Costs (Individual) – Estate Agent Students (Difference between Option and Base Case)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Students** | **Option 1** | | **Option 2** | | **Option 3** | | **Option 4** | |
|  | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** | **Lower Bound** | **Upper Bound** |
| Estate Agents – Funded | $915 | -$164 | $1,905 | $1,987 | $1,486 | $1,935 | $2,476 | $4,086 |
| Estate Agents – Full Fee | $263 | $2,808 | $465 | $4,959 | $1,483 | $8,215 | $1,685 | $10,366 |

#### Employers

Most employers provide some form of assistance to students (primarily via time to study during work hours), and there is limited data on the type of the assistance employers provide to students. As such, the Department makes the simplifying assumption that all employers will provide the equivalent of three hours withdrawal time per week to employees for the duration of their full-time course. The Department also assumes that employers will pass on the costs associated with withdrawal time to consumers (see section 8.1.4).

Employer costs are disaggregated in terms of whether they employ a student undertaking an agent’s representative course of instruction or estate agent course of instruction.

Table 24 outlines the estimated total annual cost to employers for each of the options for the 2021 to 2030 period. For employers that employ students studying to become agents’ representatives, option 3 has the greatest impact and option 1 has the least impact. For employers that employ students seeking to become estate agents, option 4 has the greatest impact and option 1 has the least impact.

*Table 24: Annual aggregate cost to employers (in total) for the period 2021 to 2030*

| Cost Impact (Total) – Employers | | | | |
| --- | --- | --- | --- | --- |
| **Employee** | **Option 1** | **Option 2** | **Option 3** | **Option 4** |
| Agent’s Representative Student | $2,035,904 | $2,714,539 | $3,053,856 | N/A |
| Estate Agent Student | $1,640,003 | $2,161,822 | $2,534,550 | $3,056,369 |

Table 25 outlines the estimated annual cost to individual employers for the Base Case and three options for the 2021 to 2030 period. For employers that employ a student studying to become an agent’s representative, option 3 has the greatest impact and option 1 has the least impact. For employers that employ a student seeking to become an estate agent, option 4 has the greatest impact and option 1 has the least impact. Given data from NCVER and CAV regarding student numbers (see beginning of section 8.1.5), the total cost to employers identified in Table 24 is divided by 893 for employers with estate agent students and by 2033 for employers with agent’s representative students to determine the cost per employer.

*Table 25: Annual cost to individual employers for the 2021 to 2030 period*

| Cost Impact (Individual) – Employers | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Employee** | **Base Case** | **Option 1** | **Option 2** | **Option 3** | **Option 4** |
| Agent’s Representative Student | $235 | $1,001 | $1,335 | $1,502 | N/A |
| Estate Agent Student | $797 | $1,836 | $2,420 | $2,837 | $3,421 |

Table 26 outlines the additional estimated annual cost to individual employers relative to the Base Case for the options for the 2021 to 2030 period. For businesses that employ a student studying to become an agent’s representative, option 3 has the greatest impact and option 1 has the least impact. For businesses that employ a student seeking to become an estate agent, option 4 has the greatest impact and option 1 has the least impact. The additional cost impact is the difference between the relevant option and corresponding base case.

*Table 26: Estimated additional annual cost (difference between relevant option and corresponding base case) to individual employers for the 2021 to 2030 period*

| Cost Impact (Individual)– Employers (Difference between Options and Base Case) | | | | |
| --- | --- | --- | --- | --- |
| **Employee** | **Option 1** | **Option 2** | **Option 3** | **Option 4** |
| Agent’s Representative Student | $767 | $1,100 | $1,267 | N/A |
| Estate Agent Student | $1,039 | $1,623 | $2,040 | $2,624 |

#### Consumers

As noted in section 8.1.4, the Department assumes that employers will pass on the costs associated with withdrawal time to consumers.

Table 27 shows the estimated annual cost to individual consumers for the 2021 to 2030 period. For consumers dealing with businesses that employ a student studying to become an agent’s representative, option 1 has the least impact costing each consumer $15 per year, while option 3 has the greatest impact costing each consumer $23 per year.

For consumers dealing with businesses that employ a student seeking to become an estate agent, option 1 has the least impact costing each consumer $28 per year, while option 4 has the greatest impact costing each consumer $52 per year. These amounts were calculated by dividing the annual cost impact on an individual employer (see Table 25) by the number of customers per employer (that is, 66). These amounts are not considered significant. See **Appendix 7** (section 18.4) for further details.

*Table 27: Estimated annual cost to individual consumers for the 2021 to 2030 period*

| Cost Impact (Individual) – Consumer | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Consumer** | **Base Case** | **Option 1** | **Option 2** | **Option 3** | **Option 4** |
| Consumer of employer of an agent’s representative student | $4 | $15 | $20 | $23 |  |
| Consumer of employer of an estate agent student | $12 | $28 | $37 | $43 | $52 |

Table 28 outlines the additional estimated annual cost to individual consumers with respect to the Base Case for the options for the 2021 to 2030 period. For consumers dealing with businesses that employ a student studying to become an agent’s representative, option 3 has the greatest impact and option 1 has the least impact. For consumers dealing with businesses that employ a student seeking to become an estate agent, option 4 has the greatest impact and option 1 has the least impact. The additional cost impact is the difference between the relevant option and corresponding Base Case. These amounts were calculated by dividing the additional annual cost impact on an individual employer (see Table 26) by the number customers per employer (that is, 66).

*Table 28: Estimated additional annual cost (difference between relevant option and corresponding base case) to individual consumers for the 2021 to 2030 period*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost Impact (Individual) – Consumer (Difference between Options and Base Case) | | | | |
| **Consumer** | **Option 1** | **Option 2** | **Option 3** | **Option 4** |
| Consumer of employer of an agent’s representative student | $12 | $17 | $19 | N/A |
| Consumer of employer of an estate agent student | $16 | $25 | $31 | $40 |

#### RTOs

RTOs that intend to offer the courses of instruction set out in the Proposed Regulations are likely to incur one-off course development costs. In line with stakeholder feedback, the total cost of developing a unit is estimated to be $69,500, which is equivalent to $6,950 per year when annualised over the 2021-30 period (see **Appendix 7** for further details).

Table 29 outlines the estimated annual one-off course development costs incurred by individual RTOs for each of the agent’s representative options for the 2021-30 period. These costs are not relevant if the RTO also provides an estate agent course of instruction, because the units in all three of the agent’s representative options are contained within each of the estate agent options. As noted in section 8.1.4, the Department assumes that RTOs will recover the one-off course development costs via course fees, thereby indirectly impacting students.

*Table 29: Annual one-off course development costs for agent’s representative options incurred by individual RTOs for the 2021-30 period*

| Option | Number of Units | Annual Cost per Unit | Total Annual Cost |
| --- | --- | --- | --- |
| Option 1 | 12 | $6,950 | $83,400 |
| Option 2 | 16 | $6,950 | $111,200 |
| Option 3 | 18 | $6,950 | $125,100 |

Table 30 outlines the estimated annual one-off course development costs incurred by individual RTOs for each of the estate agent options for the 2021-30 period. As noted in section 8.1.4, the Department assumes that RTOs will recover the one-off course development costs via course fees, thereby indirectly impacting students.

*Table 30: Annual one-off course development costs for estate agent options incurred by individual RTOs for the 2021-30 period*

| Option | Number of Units | Annual Cost per Unit | Total Annual Cost |
| --- | --- | --- | --- |
| Option 1 | 22 | $6,950 | $152,900 |
| Option 2 | 29 | $6,950 | $201,550 |
| Option 3 | 34 | $6,950 | $236,300 |
| Option 4 | 41 | $6,950 | $284,950 |

### Reduction in administrative costs

As noted in section 4.1, if Interim Regulations were not replaced the current licensing scheme would continue, although the government would no longer test educational achievements as part of that scheme.

The government currently spends approximately 339 hours assessing estate agent applications and nine hours checking qualifications each year. If the government were no longer required to assess estate agent applications or check qualifications, it would save approximately $23,689 per year for the 2020-21 to 2029-30 period.

## Multi-Criteria analysis

Given the difficulty involved in estimating and valuing the benefits associated with the options, this RIS does not include a full cost-benefit analysis. Rather, the preferred option is selected using MCA.

The criteria used for the MCA are linked with the objectives of the Proposed Regulations set out in section 5.2. All options are ranked against the same criteria to clarify the relative advantages and disadvantages of each. The criteria are weighted according to their relative importance in decision making. The option assigned the highest weighted score is the ’preferred option’.

### Criteria

Criteria 1, 2 and 3 address objective one and criterion 4 addresses objective two.

The criteria used to assess each option are as follows:

1. Reputation of the real estate services industry – assess the degree to which the option would be effective in improving the reputation of the real estate industry, and by such means, reduce the costs associated with an erosion of confidence in the industry.
2. Reduced risk to vulnerable tenants from substandard estate agents and agents’ representatives – assess the degree to which the option reduces the risk faced by vulnerable tenants with respect to agents that do not possess the necessary skills to perform their duties competently.
3. Reduced disputes between consumers and agents – assess the degree to which the option will reduce the number of disputes between agents and consumers by way of improving the training standards of agents.
4. Cost impact on students – assess the additional impact the option will impose on students with respect to the Base Case. The scores against this criterion are based on the results of the quantitative analysis as outlined in section 8.1.5. It is assumed that employers will pass on the costs associated with withdrawal time to consumers. The subsequent impact on each consumer is not considered significant. It is also assumed that RTOs will recover one-off course development costs via subject fees. As such, RTO course development costs have been incorporated into the cost impact on students.

### Weightings

Consistent with standard practice, the above criteria are weighted such that considerations relating to benefits (criteria 1, 2 and 3) were treated with equal importance to considerations relating to costs (criterion 4).

As noted in section 5.1, government policy aims to achieve a fair and safe rental market for all Victorians, particularly for vulnerable and disadvantaged tenants. Criteria 1 and 3 deal with issues that may harm consumers from all demographics (including vulnerable and disadvantaged consumers) across all parts of the industry. Criterion 2 focuses solely on the harms, which can be quite severe, to vulnerable and disadvantaged tenants arising from dealings with incompetent property managers (see section 4.2.2). As such, criterion 2 receives a greater weighting than criteria 1 and 3.

There is limited information regarding the harms associated with criteria 1 and 3 as they relate to an individual consumer, and both criteria deal with issues that affect all parts of the industry and all demographics. Accordingly, criterion 1 and 3 receive equal weighting.

The weightings are as follows:

* reputation of the real estate services industry – 12.5 percent
* reduced risk to vulnerable tenants from substandard estate agents and agents’ representatives – 25 percent
* reduced disputes between consumers and agents – 12.5 percent
* cost impact on students – 50 per cent.

### Scale

The criterion rating scale ranges from -10 to +10, with a score of zero representing no change from the Base Case (see Table 31). Using this scale allows for greater understanding of the proposed options.

*Table 31: MCA scale*

| **Score** | **Description** |
| --- | --- |
| -10 | Significantly worse than the Base Case |
| -5 | Somewhat worse than the Base Case |
| 0 | No change from the Base Case |
| +5 | Somewhat better than the Base Case |
| +10 | Significantly better than the Base Case |

### Scoring

It is assumed that the proliferation of underqualified agents is likely to lower the reputation of industry, increase the risks faced by vulnerable and disadvantaged tenants, and increase disputes between consumers and agents.

As such, the scores allocated to each of the benefit-related criteria sit between +5 and +10 (that is, between somewhat better and significantly better than the Base Case), while the scores allocated to the cost-related criterion sit between the between 0 and -5 (that is, between no change to the Base Case and somewhat worse than the Base Case).

The Department welcomes feedback regarding these assumptions.

### Summary of the differences between the Base Case and options

Tables 32 and 33 provide a summary of the differences between the Base Case and the three options for the agent’s representative course of instruction, and between the Base case and the four options for the estate agent course of instruction, respectively.

As noted in section 6.3, for the agent’s representative course of instruction, Option 2 consists of all the units in option 1, plus some additional units. Option 3 consists of all the units in option 2, plus some additional units.

For the estate agent course of instruction, option 2 consists of all the units in option 1, plus some additional units. Option 3 consists of all the units in option 1, plus the Diploma. Option 4 consists of all the units in option 2, plus the Diploma.

*Table 32: Summary of the differences between the Base Case and the three options for agent’s representative options*

| **Options: Agent’s Representative** |
| --- |
| The Base Case: Agents’ representatives will complete around 90 hours of coursework drawn from core units (that is, two or three subjects) |
| Options 1 contains all the core units, as well as: |
| Group A (Residential Property Sales) |
| * CPPREP4101 - Appraise residential property for sale or lease |
| * CPPREP4103 - Establish vendor relationships |
| Group B (Residential Property Management) |
| * CPPREP4121 - Establish landlord relationships |
| * CPPREP4122 - Manage tenant relationships |
| * CPPREP4123 - Manage tenancy |
| * CPPREP4124 - End tenancy |
| General electives including: |
| * BSBDIV301 - Work effectively with diversity |
| Option 2 and 3 have the following additional units: |
| Group A (Residential Property Sales) |
| * + CPPREP4102 – Market property |
| * + CPREP4104 – Establish buyer relationships |
| * + CPREP4105 – Sell property |
| and, |
| Group B (Residential property management) - CPPREP4125 Transact in Trust Accounts. |
| Option 3 has the following additional units: |
| * Group D Auctioneering – CPPREP4161 Undertake Pre-Auction Process, and |
| * General Electives – CPPREP4503 – Present Hearings in Real Estate. |

*Table 33: Summary of the differences between the Base Case and the three options for estate agent options*

| **Options: Estate agent** |
| --- |
| The Base Case: Estate agents will complete around 330 hours of coursework drawn from the following: |
| * core units |
| * residential property sales units (Group A) |
| * residential property management units (Group B) |
| * auctioneering units (Group D) |
| Option 1, 2, 3, and 4 all contain the following: |
| * All core units |
| * All Residential property sales units (Group A) |
| * All Residential property management units (Group B) |
| * All Auctioneering units (Group D) |
| * General electives including: |
| * BSBDIV301 - Work effectively with diversity |
| * CPPREP4501 - Prepare to complete the sales process – off the plan properties |
| * CPPREP4503 - Present at hearings in real estate |
| * CPPREP4504 - Deliver presentations to clients in real estate |
| Option 2 and 4 have an additional: |
| * three units from Commercial Sales and Leasing (Group G), and |
| * four units from Commercial and Property management (Group H). |
| Option 3 and 4 have an additional: |
| * 12 units from the Diploma, including: |
| * + CPPREP5001 - Manage compliance in the property industry |
| * + CPPREP5002 - Establish and monitor property industry trust account management practices |
| * + CPPREP5003 - Manage ethical practice in the property industry |
| * + CPPREP5004 - Manage a safe workplace in the property industry |
| * + CPPREP5005 - Manage teams in the property industry |
| * + CPPREP5006 - Manage operational finances in the property industry |
| * + CPPREP5007 - Develop a strategic business plan in the property industry |
| * + Any five elective units |

### Criterion 1: reputation of the real estate services industry

**Options: agent’s representative**

**Discussion**

In addition to the core units, option 1 requires the completion of two Residential Property Sales units, four Residential Property Management units and one general elective unit, all adding up to approximately 430 hours of coursework. This is a significant improvement on the Base Case, which is likely to total 90 hours of coursework drawn from the core units (that is, the completion of two or three units selected from the core units).

Option 2 requires the completion of one additional unit from Residential Property Management on trust accounting (CPPREP4125 Transact in Trust Accounts). Poor knowledge and practice regarding trust accounting were the subject of three submissions to the CPLR. As such, this additional unit is likely to improve competence in the area of trust accounting and improve the industry’s reputation.

Option 2 also offers three additional units from Residential Property Sales. As noted in Table 8 (see section 4.2.3), of the enquires and complaints regarding residential property sales and residential property management, residential property sales accounts for approximately 83 percent for the 2017-19 period. As such, the additional sales units required in option 2 are likely to likely improve the competence of agents’ representatives in residential property sales and have a positive impact on the industry’s reputation.

Option 3 includes an auctioneering unit (CPPREP4161 Undertake Pre-Auction Process) and a general elective unit (CPPREP4503 Present Hearings in Real Estate). The auctioneering unit includes preparing a strategy for auctions, including liaising with the vendor or sales agent, confirming the details of the contract and confirming the details of the property (including pricing expectations). Feedback to the CPLR noted auctioneering as an area where standards need to be raised, particularly in relation to pricing and legal contract conditions.

**Score**

The additional knowledge gained under option 1 with respect to the Base Case would have a significant impact on the competence of agents’ representatives, and consequently the reputation of the real estate industry. As noted in section 4.2.1, a decline in the industry’s reputation is likely to increase screening costs faced by consumers and decrease the rate of housing turnover. A decline in the industry’s reputation may have broader economic impacts, including a decrease in industry revenue, a reduction in stamp duty revenue collected by government, and a decrease in consumer spending. Option 1 scored seven points.

Option 2 includes an additional trust accounting unit and three additional sales units. Trust accounting relates to all aspects of a business, (for example sales deposits, rent or fees for advertising and maintenance). Also, residential property sales accounted for approximately 83 percent of enquires and complaints for the 2017-19 period. In light of these factors, the additional units may significantly improve the competence of agents’ representatives and the reputation of industry. Option 2 scored nine points.

Option 3 covers most of the activities in which an agent’s representative is eligible to practice. It includes an auctioneering unit (an area identified in the CPLR as requiring improvement), and a further unit relating to presenting at hearings, as set out above. As such, this option will benefit the real estate industry the most in ensuring the competence of agents’ representatives and a good industry reputation. Option 3 scored 10 points.

|  | Option 1 | Option 2 | Option 3 |
| --- | --- | --- | --- |
| Agent’s Representative | 7 | 9 | 10 |

**Options: Estate agents**

**Discussion**

Option 1 covers all core units, Residential Property Sales units, Residential Property Management units, and Auctioneering units and requires approximately 735 hours to complete. The Base Case requires the completion of approximately 330 hours of coursework drawn from these areas. Given the time allocated to coursework in the Base Case, a significant number of units (possibly in excess of half) will not be completed. As such, Option 1 would be a significant improvement on the Base Case.

Option 2 and 4 offer seven additional units from Commercial Sales and Leasing and Commercial and Property Management. These units are likely to improve the competence of estate agents across the commercial sector and contribute to the improvement of the industry’s reputation.

Option 3 and 4 contain several Diploma level units that would be of benefit with respect to criterion 1 given they support compliance and ethical practice in the industry at the management level. These include the following core and elective units:

Core Units:

* CPPREP5001 - Manage compliance in the property industry (for example, one of the performance criteria is to identify all jurisdictional legislation, regulations, codes of conduct and ethics to which the agency must comply; and another is to develop strategies and associated policies, procedures and structures to support agency compliance).
* CPPREP5002 - Establish and monitor property industry trust account management practices (for example one of the performance criteria is to develop strategies to monitor and control risks associated with operating a trust account).
* CPPREP5003 - Manage ethical practice in the property industry (for example one of the performance criteria is to plan and implement policies, procedures, structures and risk mitigation strategies that enable an ethical practice culture).
* CPPREP5005 - Manage teams in the property industry (for example one of the performance criteria is to communicate agency standards, culture and business expectations to teams).

Elective units:

* BSBMGT605 - Provide leadership across the organisation (for example one of the performance criteria is to model ethical conduct in all areas of work and encourage others to adopt business ethics).
* CPPREP5010 - Manage customer service activities in the property industry (for example. one of the performance criteria is to communicate to staff the ethics, culture and performance standards for customer service).

**Score**

The additional knowledge gained under option 1 with respect to the Base Case is likely to have a significant impact on the competence of estate agents, and consequently on the reputation of the real estate industry. As noted above, in addition to the screening costs faced by consumers, a decrease in the rate of housing turnover resulting from a decline in the industry’s reputation may have broader economic impact. This may include a decrease in industry revenue, a reduction in stamp duty revenue collected by government, and a decrease in consumer spending. Option 1 scored six points.

Option 2 and 4 are likely to improve the level of competence of estate agents operating in the commercial real estate industry. As a consequence, these options may reduce the costs associated with a poor industry reputation and lack of trust. Business from commercial firms accounted for 14.3 percent of real estate industry revenue in 2018-19.[[38]](#footnote-39) These options receive an additional point.

Option 3 and 4 contain four additional core units from the Diploma that would support compliance and ethical practice in the industry at the management level. They are, therefore, likely improve the industry’s reputation. While the two elective units would also support compliance and ethical practice in the industry, it is uncertain whether either of these units would be selected amongst 12 other possible electives. These options receive three additional points.

Therefore, option 1 score six points, option 2 receives seven points, option 3 receives nine points, and option 4 received ten points.

|  | Option 1 | Option 2 | Option 3 | Option 4 |
| --- | --- | --- | --- | --- |
| Estate Agent | 6 | 7 | 9 | 10 |

### Criterion 2: reduced risk to vulnerable tenants from substandard estate agents and agents’ representatives

**Options: Agent’s Representative**

**Discussion**

The Base Case consists of 90 hours of coursework drawn from the core units. Most of the core units (with the possible exception of CPPREP4004 Establish marketing and communication profiles in real estate) are relevant to property management as they deal with themes that apply to all aspects of real estate services (for example accessing and interpreting legislation). However, it is uncertain which of the core units would be completed under the Base Case.

Options 1, 2 and 3 provide similar levels of training in relation to property management. In addition to the core units, option 1 provides four units on residential property management, equating to approximately 140 hours for coursework. Options 2 and 3 have an additional unit on trust accounting under Residential Property Management. This additional unit would, for example, build competency with regard to the processing and management of rental transactions. Options 2 and 3 consist of approximately 190 hours of course work for Residential Property Management.

**Score**

As noted in section 4.2.2, the CPLR identified property management as an area that presented significant risk to vulnerable tenants. This risk is heightened by agents’ representatives, who can act as a property manager with very little training (that is, the three units currently prescribed). These risks may include a tenant losing their home and potentially facing homelessness, living in unsafe conditions lacking essential services, or facing large costs that may not be necessary.

The combination of the core units plus the 140 hours of residential property management training in option 1 is a substantial improvement on the Base Case, which is likely to involve a maximum of around 90 hours of training, some of which may not relate to residential property management. Option 1 score seven points.

Options 2 and 3 score eight points due to the additional unit on trust accounting.

|  | Option 1 | Option 2 | Option 3 |
| --- | --- | --- | --- |
| Agent’s Representative | 7 | 8 | 8 |

**Options: Estate agents**

**Discussion**

The Base Case entails 330 hours of training selected from core units, Residential Property Sales, Residential Property Management and Auctioneering. Given the time allocated to coursework in the Base Case, a significant number of units (possibly in excess of half) will not be completed.

Option 1 contains all the core units, which are relevant to property management given they deal with themes (such as accessing and interpreting legislation) that apply to all aspects of real estate services. In addition to the core units, option 1 prescribes all five units from Residential Property Management, which adds up to approximately 190 hours of course work.

The additional commercial units offered in options 2 and 4 are not relevant to criterion 2, as a business is not considered to be a vulnerable tenant. Vulnerable tenants include victims of family violence, the aged, and individuals from a non-English speaking background.

Options 3 and 4 contain four core Diploma level units would be of benefit regarding Criterion 2 as they support compliance and ethical practice in the industry at the management level. If selected, two elective units from the Diploma would be of similar benefit. See the list of Diploma units under criterion 1, options: Estate Agent for further information.

**Score**

As noted in section 4.2.2, the CPLR identified property management as an area that presents significant risk to vulnerable tenants. These risks may include a tenant losing their home and potentially facing homelessness, living in unsafe conditions lacking essential services, or facing large costs that may not be necessary.

Option 1 is a substantial improvement on the Base Case based on time allocated to coursework as well as certainty regarding the inclusion of all the core units and Residential Property Management units. Option 1 scores six points.

Given the additional commercial units offered in option 2 are not relevant to Criterion 2, option 2 does not score any additional points.

Options 3 and 4 are an improvement on option 1 as they contain additional Diploma level units (which cover compliance and ethical practice in the industry at the management level) that would support vulnerable tenants. Options 3 and 4 score an additional three points.

Therefore options 1 and 2 score six points and options 3 and 4 score nine points.

|  | Option 1 | Option 2 | Option 3 | Option 4 |
| --- | --- | --- | --- | --- |
| Estate Agent | 6 | 6 | 9 | 9 |

### Criterion 3: reduced disputes between consumers and agents

**Options: Agent’s Representative**

**Discussion**

In addition to the core units, option 1 requires the completion of two Residential Property Sales units, four Residential Property Management units and one general elective unit, all adding up to approximately 430 hours of coursework. This is a significant improvement on the Base Case which is likely to total 90 hours of coursework drawn from the core units (that is, the completion of two or three units selected from the core units).

Option 2 requires the completion of a further three Residential Property Sales units (totalling approximately 115 hours of coursework). As noted above, Table 8 (see section 4.2.3) indicates that of the enquires and complaints regarding residential property sales and residential property management lodged with CAV, residential property sales accounts for approximately 83 percent for the 2017-19 period. As such, the three additional sales units required in option 2 are likely to result in a significant reduction in the number of disputes in the sector.

Option 2 requires the completion of one additional unit from Residential Property Management on trust accounting (CPPREP4125 Transact in Trust Accounts). Poor knowledge and practice regarding trust accounting were the subject of three submissions to the CPLR. As previously noted, trust accounting relates to all aspects of a business, (for example sales deposits, rent or fees for advertising and maintenance). As such, this additional unit would improve competence in trust accounting and is likely to reduce disputes in the sector between consumers and agents.

Option 3 includes an auctioneering unit (CPPREP4161 Undertake Pre-Auction Process) and a general elective unit (CPPREP4503 Present Hearings in Real Estate). The auctioneering unit includes preparing a strategy for auctions, including liaising with the vendor or sales agent, confirming the details of the contract, and confirming the details of the property (including pricing expectations). Feedback to the CPLR noted auctioneering as an area where standards need to be raised, particularly in relation to pricing and legal contract conditions.

**Score**

Disputes create costs for both consumers and agents in terms of the opportunity cost of time spent lodging complaint and seeking a resolution. If the complainant seeks a resolution via VCAT, they may also incur application and hearing fees.

Option 1 is likely to have a significate impact on the number of disputes between consumers and agents’ representatives given the training consists of four residential property management units. As noted in section 4.2.3, VCAT’s residential tenancies list received 6,693 applications from tenants or residents in 2018-19. Option 1 scores seven points.

Option 2 includes an additional trust accounting unit and three additional sales units. Trust accounting relates to all aspects of a business. Of the enquires and complaints regarding residential property sales and residential property management lodged with CAV, residential property sales accounts for approximately 83 percent for the 2017-19 period. Option 2 scores nine points.

Option 3 includes the additional auctioneering unit, as such, it is a marginal improvement on Option 2. Option 3 scores ten points.

|  | Option 1 | Option 2 | Option 3 |
| --- | --- | --- | --- |
| Agent’s Representative | 7 | 9 | 10 |

**Options: Estate agents**

**Discussion**

The Base Case entails 330 hours of training selected from core units, Residential Property Sales, Residential Property Management and Auctioneering. Given the time allocated to coursework in the Base Case, a significant number of units (possibly up to half) will not be completed.

Option 1 will have a substantial impact on the number of disputes in the residential real estate sector as it covers all core units, Residential Property Sales units, Residential Property Management units, and Auctioneering units and requires approximately 735 hours of coursework. This can be contrasted 330 hours of coursework identified in the Base Case.

Options 2 and 4 are likely to have a further impact on disputes. This is because they consist of an additional seven units that cover commercial sales and leasing, as well as commercial and property management.

Options 3 and 4 contain four core Diploma level units would be of benefit with respect to Criterion 2 as they support compliance and ethical practice in the industry at the management level. If selected, two elective units from the Diploma would be of similar benefit. See list of Diploma units under criterion 1, options: Estate Agent for further information.

**Score**

Disputes creates costs for both consumers and agents due to the opportunity cost of time spent lodging a complaint and seeking a resolution. If the complainant seeks a resolution via VCAT, they may also incur application and hearing fees.

The additional knowledge gained under option 1 with respect to the Base Case would have a significant impact on the competence of estate agents and is likely to reduce the number of disputes in the real estate industry. Option 1 scored six points.

Options 2 and 4 also add a significant number of units at the Certificate IV level covering commercial real estate. As noted above, commercial businesses made up approximately 14.3 percent of the real estate services revenue for the 2018-19 period. These options receive an additional point.

The Diploma units that support compliance and ethical practice in the industry may also contribute to reducing disputes. Options 3 and 4 score an additional three points.

Therefore, option 1 scores six points, option 2 scores seven points, option 3 scores nine points and option 4 scores ten points.

|  | Option 1 | Option 2 | Option 3 | Option 4 |
| --- | --- | --- | --- | --- |
| Estate Agent | 6 | 7 | 9 | 10 |

### Criterion 4: Cost impact on students

**Options: Agent’s Representative**

**Discussion**

Table 34 provides an estimate of the total cost impact of the options on individual agent’s representative students, including funded and full fee students. The upper and lower bound for each funding category has been averaged out to simplify the scoring process.

*Table 34: The total economic cost of a course of instruction for agent’s representatives for the Base Case and the three options*

| Agent’s Representative | Base Case | Option 1 | Option 2 | Option 3 |
| --- | --- | --- | --- | --- |
| Funded | $1,688 | $7,274 | $10,059 | $10,744 |
| Full Fee |  | $8,200 | $11,295 | $12,134 |

Table 35 provides the scale used to determine the score for agents’ representatives. Table 35 assumes that the impact on students will not exceed -5 (see section 8.2.4 above).

*Table 35: Scale used to score impact on estate agents*

| Scale | 0 | -1 | -2 | -3 | -4 | -5 |
| --- | --- | --- | --- | --- | --- | --- |
|  | $1,688 | $3,777 | $5,867 | $7,956 | $10,045 | $12,134 |

**Score**

| Agent’s Representative | Option 1 | Option 2 | Option 3 |
| --- | --- | --- | --- |
| Funded | -2.67 | -4.01 | -4.33 |
| Full Fee | -3.12 | -4.60 | -5.00 |

**Options: Estate agent**

**Discussion**

Table 36 provides an estimate of the total cost impact of the options on individual estate agent students, including funded and full fee students. The upper and lower bound for each funding category has been averaged out to simplify the scoring process.

*Table 36: The total economic cost of a course of instruction for estate agents for the Base Case and the three options*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Estate Agents | Base Case | Option 1 | Option 2 | Option 3 | Option 4 |
| Funded | $6,139 | $12,982 | $19,315 | $25,876 | $30,698 |
| Full Fee |  | $14,145 | $20,082 | $29,023 | $33,449 |

Table 37 provides the scale used to determine score for estate agents. Table 37 assumes that the impact on students will not exceed -5 (see section 8.2.4 above).

*Table 37: Scale used to score impact on estate agents*

| Scale | 0 | -1 | -2 | -3 | -4 | -5 |
| --- | --- | --- | --- | --- | --- | --- |
|  | $6,139 | $11,601 | $17,063 | $22,525 | $27,987 | $33,449 |

**Score**

| Estate Agent | Option 1 | Option 2 | Option 3 |  |
| --- | --- | --- | --- | --- |
| Funded | -1.25 | -2.41 | -3.61 | -4.50 |
| Full Fee | -1.47 | -2.55 | -4.19 | -5.00 |

### Multi-Criteria analysis results

Table 38 presents the results of the MCA for the agent’s representative options. Option 3 is the preferred option.

*Table 38: MCA for agents’ representatives*

| Criterion | Weight (%) | Base Case | Option 1 | | Option 2 | | Option 3 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Score | Assigned Score | Weighted Score | Assigned Score | Weighted Score | Assigned Score | Weighted Score |
| Reputation of the Real Estate Services Industry | 12.5% | 0.00 | 7.00 | 0.88 | 9.00 | 1.13 | 10.00 | 1.25 |
| Risk to Vulnerable tenants | 25% | 0.00 | 7.00 | 1.75 | 8.00 | 2.00 | 8.00 | 2.00 |
| Disputes between Consumers and Practitioners | 12.5% | 0.00 | 7.00 | 0.88 | 9.00 | 1.13 | 10.00 | 1.25 |
| Cost impact on students - funded | 25% | 0.00 | -2.67 | -0.67 | -4.01 | -1.00 | -4.33 | -1.08 |
| Cost impact on students - full fee | 25% | 0.00 | -3.12 | -0.78 | -4.60 | -1.15 | -5.00 | -1.25 |
| Total | 100% |  |  | 2.05 |  | 2.10 |  | 2.17 |

Table 39 presents the results of the MCA for the estate agent options. Option 3 is the preferred option.

*Table 39: MCA for Estate Agents*

| Criterion | Weight (%) | Base Case | Option 1 | | Option 2 | | Option 3 | | Option 4 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Score | Assigned Score | Weighted Score | Assigned Score | Weighted Score | Assigned Score | Weighted Score | Assigned Score | Weighted Score |
| Reputation of the Real Estate Services Industry | 12.5% | 0.00 | 6.00 | 0.75 | 7.00 | 0.88 | 9.00 | 1.13 | 10.00 | 1.25 |
| Risk to Vulnerable tenants | 25% | 0.00 | 6.00 | 1.50 | 6.00 | 1.50 | 9.00 | 2.25 | 9.00 | 2.25 |
| Disputes between Consumers and Practitioners | 12.5% | 0.00 | 6.00 | 0.75 | 7.00 | 0.88 | 9.00 | 1.13 | 10.00 | 1.25 |
| Cost impact on students - funded | 25% | 0.00 | -1.25 | -0.31 | -2.41 | -0.60 | -3.61 | -0.90 | -4.50 | -1.12 |
| Cost impact on students - full fee | 25% | 0.00 | -1.47 | -0.37 | -2.55 | -0.64 | -4.19 | -1.05 | -5.00 | -1.25 |
| Total | 100% |  |  | 2.32 |  | 2.01 |  | 2.55 |  | 2.38 |

The Department acknowledges that the final scores for both the agent’s representative options and the estate agent options are close to one another. The Department has been transparent and employed sound reasoning with respect to the methodology and assumptions it has used to determine the scores for the cost-related criteria. Clear and logical arguments have also been used to determine the scores for the benefit-related criteria. As such, the closeness of the scores does not undermine the validity of the outcome. Therefore, option 3 for the agent’s representative course and option 3 for the estate agent course are the preferred options.

## Social and environmental Impacts

Consistent with criterion 2, the Proposed Regulations will have a positive impact on the professional competence of industry practitioners, and therefore will benefit vulnerable and disadvantaged members of the community.

There are no environmental impacts associated with the Proposed Regulations.

## Funding

### Funding for Certificate IV level units

Government subsidies will be available for the Certificate IV via the Consolidated Fund.

The level of government funding for a qualification is based on the qualifications packaging rules. Certificate IV packaging rules require the completion of 18 units of competency (including five core units and 13 elective units). As such, the government will provide funding for 18 Certificate IV units. However, funding will not be available for the additional four Certificate IV units prescribed in options 1 and 3 and the additional 11 Certificate IV units prescribed in option 2 and 4. This is because these units exceed the 18 units specified in the packaging rules.

The eligibility for government subsidised training requires individuals to meet a standard set of criteria, which can be viewed at: <https://www.skills.vic.gov.au/victorianskillsgateway/Students/Pages/vtg-eligibility-indicator.aspx>.

The above website notes the following:

If you meet the eligibility criteria, you can do more than 1 subsidised course, but there are limits:

* You can't start\* more than 2 subsidised courses in a year.
* You can't do more than 2 subsidised courses at the same time.
* You can't start\* more than 2 subsidised courses at the same qualification level in your life.
* You can only start 1 Free TAFE course with the tuition fee waiver.

\*This includes courses you start but don't finish.

### Funding for Diploma level units

The Department has been advised that the Diploma will be funded once the Victorian Purchasing Guide is approved after CAV’s determines the licensing requirements. Government subsidies will be available for the Diploma via the Consolidated Fund.

As stated in section 8.4.1, eligibility for government subsidised training requires that individuals meet a standard set of criteria, which can be viewed at: <https://www.skills.vic.gov.au/victorianskillsgateway/Students/Pages/vtg-eligibility-indicator.aspx>.

### Government funding for course development

It is unclear whether government funding will be made available for course development.

# Preferred option

## Preferred option

### Agent’s representative course of instruction

Option 3 is the preferred option for the agent’s representative course of instruction. This option prescribes 18 Certificate IV units (see **Appendix 2** for list of individual units), which include all five core units, all five units from Group A Residential Property Sales, all five units from Group B Residential Property Management (excluding the two duplicate units from Group A), all three units from Group D Auctioneering, and two units from general electives. As such, students that complete this course of instruction will be awarded the Certificate IV.

Table 40 outlines the estimated economic cost (that is, course cost and opportunity cost) of the preferred agent’s representative course of instruction to students (collectively and individually) each year for the 2021-30 period. It also outlines the additional estimated economic cost to individual students with respect to the Base Case each year for the same period. Further, it also outlines total course costs to individual students, as well as additional course costs to individual students with respect to the Base Case, each year for the 2021-30 period.

*Table 40:* *Estimated annual economic costs (including course cost and opportunity cost) and estimated annual course costs for students (funded and full fee)* *undertaking the agent’s representative course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic costs – total |  |  |
| Funded | $2,044,839 | $2,429,982 |
| Full fee | $17,550,817 | $26,735,656 |
| Economic costs – individual |  |  |
| Funded | $9,819 | $11,668 |
| Full fee | $9,617 | $14,650 |
| Economic costs – individual (additional to Base Case) |  |  |
| Funded | $8,480 | $9,631 |
| Full fee | $8,278 | $12,613 |
| Course costs - individual |  |  |
| Funded | $719 | $2,559 |
| Full fee | $518 | $5,531 |
| Course costs – individual (additional to Base Case) |  |  |
| Funded | $639 | $1,705 |
| Full fee | $438 | $4,677 |

Table 41 outlines the estimated total economic cost and total course cost for students (funded and full fee) undertaking the agent’s representative course for the 2021-30 period.

*Table 41: Estimated total economic cost and total course cost for students (funded and full fee) undertaking the agent’s representative course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $20,448,389 | $24,299,817 |
| Full fee | $175,508,174 | $267,356,563 |
| Course Cost - total |  |  |
| Funded | $1,496,943 | $5,328,946 |
| Full fee | $9,460,208 | $100,928,369 |

Table 42 outlines the estimated annual cost to businesses, both collectively and individually (including in addition to the Base Case), that employ a student undertaking the agent’s representative course for the 2021 to 2030 period.

The estimated total cost to employers for the 2021-30 period is $30,538,559.

*Table 42: Estimated annual collective and individual cost impact (including in addition to the Base Case) to businesses that employ a student undertaking the agent’s representative course for the 2021 to 2030 period*

| Employee | Collective Impact | Individual Impact | Individual Impact – Additional to Base Case |
| --- | --- | --- | --- |
| Agent’s representative student | $3,053,856 | $1,502 | $1,267 |

Table 43 outlines the estimated annual cost to consumers, both collectively and individually (including in addition to the base case), who procure services from estate agents that employ students undertaking an agent’s representative course of instruction for the 2021 to 2030 period.

The collective impact in Tables 42 and 43 are equivalent as the Department assumes that employers will pass on the costs associated with withdrawal time to consumers (see section 8.1.4).

The estimated total cost to consumers for the 2021-30 period is $30,538,559.

*Table 43: Estimated annual collective and individual cost impact (including in addition to the Base Case) on consumers* *who procure services from estate agents that employ students undertaking an agent’s representative course of instruction for the 2021 to 2030 period*

| Consumer | Collective Impact | Impact on individual consumer | Impact on individual consumer – Additional to Base Case |
| --- | --- | --- | --- |
| Consumer of employer of an agent’s representative student | $3,053,856 | $23 | $19 |

The estimated total one-off course development costs incurred by individual RTOs for the preferred agent’s representative option for the 2021-30 period is $1,251,000. As such, the estimated annual one-off course development costs incurred by individual RTOs is $125,100 per year for the 2021-30 period. These costs are not relevant if the RTO also provides an estate agent course of instruction, as the units in all three of the agent’s representative options are contained within each of the estate agent options.

As noted in section 8.1.4, the Department assumes that RTOs will recover the one-off course development costs via course fees, thereby indirectly impacting students.

### Estate agent course of instruction

This option prescribes 22 Certificate IV units and 12 Diploma units (see **Appendix 2** for list of individual units). The Certificate IV units include all five core units, all five units from Group A Residential Property Sales, all five units from Group B Residential Property Management (excluding the two duplicate units from Group A), all three units from Group D Auctioneering and four units from general electives. The Diploma units include all seven core units and any five elective units. As such, students that complete this course of instruction will be awarded the Certificate IV and Diploma.

Table 44 outlines the estimated economic cost (that is, the course cost and opportunity cost) of the preferred estate agent course of instruction to students (collectively and individually) each year for the 2021-30 period. It also outlines the additional estimated economic cost to individual students with respect to the Base Case each year for the same period. Further, it also outlines total course costs to individual students, as well as additional course costs to individual students with respect to the Base Case, each year for the 2021-30 period.

*Table 44: Estimated annual economic costs (including course cost and opportunity cost) and estimated annual course costs for students (funded and full fee) undertaking the estate agent course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $7,286,386 | $8,522,237 |
| Full fee | $14,020,815 | $20,102,664 |
| Economic cost – individual |  |  |
| Funded | $23,853 | $27,899 |
| Full fee | $23,850 | $34,196 |
| Economic cost – individual (additional to Base Case) |  |  |
| Funded | $18,897 | $20,576 |
| Full fee | $18,895 | $26,873 |
| Course cost - individual |  |  |
| Funded | $1,856 | $5,887 |
| Full fee | $1,853 | $12,167 |
| Course cost – individual (additional to Base Case) |  |  |
| Funded | $1,486 | $1,935 |
| Full fee | $1,483 | $8,215 |

Table 45 outlines the estimated total economic cost and total course cost for students (funded and full fee) undertaking the estate agent course for the 2021-30 period

*Table 45: Estimated total economic cost and total course cost for students (funded and full fee) undertaking the estate agent course for the 2021-30 period*

|  | Lower bound | Upper bound |
| --- | --- | --- |
| Economic cost – total |  |  |
| Funded | $72,863,864 | $85,222,368 |
| Full fee | $140,208,152 | $201,026,638 |
| Course Cost - total |  |  |
| Funded | $5,669,927 | $17,981,763 |
| Full fee | $10,895,322 | $71,525,512 |

Table 46 outlines the estimated annual cost to businesses, both collectively and individually (including in addition to the base case), that employ a student undertaking estate agents course for the 2021 to 2030 period.

The estimated total cost to employers for the 2021-30 period is $25,345,496.

*Table 46: Estimated annual collective and individual cost impact (including in addition to the Base Case) to businesses that employ a student undertaking the agent’s representative course for the 2021 to 2030 period*

| Employee | Collective Impact | Individual Impact | Individual Impact – Additional to Base Case |
| --- | --- | --- | --- |
| Estate agent student | $2,534,550 | $2,837 | $2,040 |

Table 47 outlines the estimated annual cost to consumers, both collectively and individually (including in addition to the base case), who procure services from estate agents that employ students undertaking an estate agent course of instruction for the 2021 to 2030 period.

The estimated total cost to consumers for the 2021-30 period is $25,345,496.

*Table 47: Estimated annual collective and individual cost impact (including in addition to the Base Case) on consumers* *who procure services from estate agents that employ students undertaking an estate agent course of instruction for the 2021 to 2030 period*

| Consumer | Collective Impact | Impact on individual consumer | Impact on individual consumer – Additional to Base Case |
| --- | --- | --- | --- |
| Consumer of employer of an estate agent student | $2,534,550 | $43 | $31 |

The estimated total one-off course development costs incurred by individual RTOs for the preferred estate agent option, for the 2021-30 period is $2,363,000. As such, the estimated annual one-off course development costs incurred by individual RTOs is $236,300 per year for the 2021-30 period.

As noted in section 8.1.4, the Department assumes that RTOs will recover the one-off course development costs via course fees, thereby indirectly impacting students.

## Jurisdictional comparison

Table 48 outlines the prescribed courses of instruction based on the New Training Package for estate agents and agents’ representatives (or equivalent positions) in New South Wales, South Australia, and the Northern Territory. It also outlines Tasmania’s course of instruction, also based on the New Training Package, which is yet to be implemented.

The licensing requirements for the above jurisdictions are as follows:

* The Northern Territory requires that estate agents complete the Diploma (12 units) and Certificate IV (18 units) and agents’ representatives complete the Certificate IV (18 units).
* While the qualifications are yet to be implemented, Tasmania will require estate agents to complete the Diploma (12 units) and Certificate IV (18 units) and agents’ representatives equivalents to complete the Certificate IV (18 units).
* South Australia requires estate agents to complete 36 units, including 24 Certificate IV units and 12 Diploma units. Agents’ representative equivalents in South Australia, which include sales representatives and property managers, are required to complete 19 Certificate IV units and 13 Certificate IV units, respectively. Given the sales representative and property manager courses of instruction in South Australia share five common units, an individual who seeks to register as a sales representative and property manager would have to complete 27 Certificate IV units.[[39]](#footnote-40)

It appears that students undertaking the estate agent and agent’s representative (equivalent) courses of instruction in South Australia will not receive a Certificate IV award as the prescribed Certificate IV units do not align with the Certificate IV packaging rules. This is also the case if both the sales representative and property manager courses are completed. However, it appears as though students undertaking the estate agent course of instruction will be eligible for the Diploma award given 12 of the 36 units meet the Diploma packaging rules.

* New South Wales has two licensing categories: licence class 1 for real estate agency principals, agency managers and agency directors, and licence class 2 for real estate salespersons, property managers, accredited auctioneers, stock and station agents, buyers’ agents and business brokers. Licence class 1 requires the completion of the Diploma (12 units) and Licence Class 2 requires the completion of the Certificate IV (18 units). The agent’s representative equivalent in New South Wales is required to complete a Certificate of Registration, which includes the five core units from the Certificate IV.

The licensing requirements for estate agents and agents’ representative (or equivalents) in the Northern Territory and Tasmania are similar to the preferred options for estate agents and agents’ representatives outlined in section 9.1.1. However, the preferred option for estate agents requires the completion of an additional four Certificate IV units. South Australia requires estate agents to complete 36 units, unlike the preferred option which requires estate agents to complete 34 units (including 12 Diploma units and 22 Certificate IV units).

*Table 48: Prescribed courses of instruction based on the new training package for estate agents and agent’s representatives (or equivalents) in NSW, SA, NT and TAS (whose course of instruction in yet to be implemented)*

| Jurisdiction | Estate Agent Qualifications | Agent’s Representative (Equivalent) |
| --- | --- | --- |
| New South Wales[[40]](#footnote-41) | Estate Agent Licence Class 1: Diploma (12 units)   * Real Estate Agency Principal * Agency Manager * Agency Director | Assistant Agent: Certificate of Registration (five Certificate IV units ) |
| Estate Agent Licence Class 2: Certificate IV (18 units)   * Stock and Station Agent * Business Broker * Property Manager * Real Estate Salesperson * Buyers’ Agent * Accredited Auctioneer |
| South Australia[[41]](#footnote-42) | Estate Agent: 36 units, including 24 Certificate IV units and 12 Diploma units. | Sales Representative: 17 Certificate IV units and 2 Diploma units  Property Manager: 13 Certificate IV units |
| Northern Territory[[42]](#footnote-43) | Estate Agent: Diploma (12 units) and Certificate IV (18 units) | Agents Representative: Certificate IV (18 units).[[43]](#footnote-44) |
| Tasmania[[44]](#footnote-45) | Estate Agent: Diploma (12 units) and Certificate IV (18 units)  **Please note that this qualification is yet to be implemented in Tasmania.** | Property Representative: Certificate IV (18 units).  **Please note that this qualification is yet to be implemented in Tasmania** |

Table 49 outlines the prescribed courses of instruction based on the existing training package for estate agents and agents’ representatives (or equivalents) in Queensland, Western Australia, and the Australian Capital. It also outlines the preferred options for Victoria.

*Table 49: Analysis of jurisdictions (including QLD, WA and ACT) that use the existing training package and the preferred options for Victoria*

| Jurisdiction | Estate Agent Qualifications | Agent’s Representative (Equivalent) |
| --- | --- | --- |
| Queensland[[45]](#footnote-46) | Estate Agent: Current Certificate IV (19 units) | Real estate salesperson: Current Certificate IV (7 units) |
| Western Australia[[46]](#footnote-47) | Estate Agent: Current Diploma (26 units) | Sales Representative: Current Certificate IV (7 units) |
| Australian Capital Territory[[47]](#footnote-48) | Estate Agent: Current Certificate IV (18 units) | Salesperson registration: Current Certificate IV (5 units)[[48]](#footnote-49) |
| Victoria | Estate Agent: Certificate IV (22 units) and Diploma (12 units) | Agent’s Representative: Certificate IV (18 units) |

## Impact on small business and competition assessment

#### Impact on small business

According to the VGR, it is good practice for a RIS to consider the regulatory impact of Proposed Regulations on small business. This requirement reflects the concern that small businesses may experience disproportionate effects from regulatory requirements for a range of reasons. These include limited resources to interpret compliance requirements or to keep pace with regulatory changes, and the cumulative effect of different requirements.

The real estate services industry displays low market share concentration, with no individual player dominating the industry. According to IBISWorld industry data, businesses that make over $10 million account for less than one percent of industry participants. Industry operators are predominantly self-employed and local firms, although a small proportion of firms participate in national franchise systems.[[49]](#footnote-50) The most recent ABS data, which appears to be from 2002-03, suggests that real estate agents tended to be small employers: 39% employed four or fewer persons, 34.1% employed five to nine persons, and 20.6% employed 10–19 persons. Only 0.6% of businesses employed 50 or more persons.[[50]](#footnote-51)

As noted in section 8.1.5, the Department makes the assumption that employers will provide the equivalent of three hours withdrawal time per week to employees for the duration of their full-time course. This RIS also assumes that there is an average of 9,636 real estate businesses operating in Victoria each year for the 2021-30 period, with 2,926 of those businesses employing one student (see section 18.4 for further details). The businesses that employ students may change from year to year. That is, if a business employs a student one year, it may not employ a student the following year. As such, less than half of all business in Victoria will employ a student at any given time. This RIS also assumes that business will pass on the costs associated with withdrawal time to consumers.

In light of the above data and assumptions, it is unlikely that small business will be disproportionately affected by the preferred option given that:

1. Industry operators are predominantly small employers. Therefore, it is likely that each operator will be affected in a similar way by the preferred option, ensuring that no one segment of the market is disadvantaged.
2. Businesses are likely to pass on the costs associated with withdrawal time to consumers. As such, they will have the capability to retain students and carry on business as usual.

Accordingly, the cost impact on small business is deemed to be minimal.

The Department makes the simplifying assumption that all employers will provide equivalent withdrawal time to employees undertaking a course of instruction. However, only real estate businesses that employ trainees are required by law to provide trainees with three hours per week withdrawal time. According to NCVER data, there was an average of 140 trainee enrolments per year in the current Certificate IV for the 2015-18 period.

#### Competition assessment

Any regulatory proposal needs to be scrutinised carefully to assess whether it has an adverse impact on the ability of firms or individuals to enter and participate in the market. As a matter of good public policy, it is a fundamental principle in Victoria that any new legislation (both primary and subordinate) will not restrict competition unless it can be demonstrated that:

* the benefits of the restriction, as a whole, outweigh the costs
* the objectives of the legislation can only be achieved by restricting competition.[[51]](#footnote-52)

The Department applied the National Competition Policy competition test in assessing whether the Proposed Regulations restrict competition. A measure is likely to have an impact on competition if any of the questions in Table 50 below can be answered in the affirmative.[[52]](#footnote-53)

*Table 50: Competition test - questions and answers*

| Test question | Discussion | Assessment for this RIS |
| --- | --- | --- |
| Is the proposed measure likely to affect the market structure of the affected sector(s) – that is will it reduce the number of participants in the market, or increase the size of incumbent firms? | As discussed in section 9.3., the real estate industry consists mainly of small business. As such, the impact will be felt evenly, and the market structure will remain unchanged. | No |
| Will it be more difficult for new firms or individuals to enter the industry after the imposition of the proposed measure? | The duration/size of the qualification has increased, thus making it more difficult for new individuals to enter the industry. However, as noted in section 8.1.4, the Department assumes that it is unlikely that more rigorous qualifications will reduce the number of qualified agents operating in Victoria. For example, while higher standards may drive some potential applicants away, they may attract other applicants. | Yes, but limited |
| Will the costs/benefits associated with the proposed measure affect some firms or individuals substantially more than others (for example, small firms, part-time participants in occupations)? | The costs and benefits are likely to be distributed evenly across the industry given all individuals undertaking the course of instruction face the same costs and receive the same qualification. Also, the industry consists mainly of small business, which means they are likely to be similarly affected. | No |
| Will the proposed measure restrict the ability of businesses to choose the price, quality, range or location of their products? | The industry may pass on costs associated with withdrawal time to consumers, but as noted in section 8.1.5, these amounts are not considered significant. | No |
| Will the proposed measure lead to higher ongoing costs for new entrants that existing firms do not have to meet? | All firms and students meet the same set of costs of the proposed qualification. | No |
| Is the ability or incentive to innovate or develop new products or services likely to be affected by the proposed measure? | Training qualifications will not affect the incentive to innovate or develop new products. | No |

As noted in Table 50, the preferred option will have no impact on the market structure of the industry, which is predominately made up of small business. Given this, the costs and benefits are likely to be distributed evenly among those businesses (with each business experiencing a similar impact).

It will be more difficult for individuals (prospective students) to enter the industry after implementing the preferred option, given the additional time required to complete the course of instruction. However, the Department considers it is unlikely that more rigorous qualifications will reduce the number of qualified agents operating in Victoria. For example, while higher standards may drive some potential applicants away, they may attract other applicants.

Therefore, based on the competition assessment, it is unlikely the preferred option will restrict competition in the real estate sector.

## Impact on RTOs

It is unlikely the preferred option will place an undue burden on RTOs to develop courses given:

* RTOs have 11 months after the expiry of the Interim Regulations on 22 October 2020 (that is, until the 30 September 2021) to transition to the new agent’s representative and estate agent courses of instruction (see section 2).
* Based on advice from relevant stakeholders, it is assumed that RTOs will recover the one-off course development costs and scope of registration fees via course fees (section 8.1.4)
* Other jurisdictions have similar licensing requirements. For example, the Northern Territory and Tasmania require estate agents to complete the Certificate IV and Diploma (totalling 30 units), and South Australia requires estate agents to complete 36 units, including 24 Certificate IV units and 12 Diploma units. New South Wales requires real estate agency principals, agency managers, and agency directors to complete the Diploma. See section 9.2 for further details on the licensing requirements of other jurisdictions.

# Implementation plan

As the Interim Regulations will sunset on 22 October 2020, the Proposed Regulations are proposed to commence on 21 October 2020. The extended transition period for the current training package (including for training, assessment and certification issuance) ends on 30 September 2021.

**Stakeholder communications and education**

The Department will communicate the new regulatory requirements to RTOs, employers, and prospective students via a variety of means after the regulations are made, including:

* social media and information campaigns
* updated and more comprehensive guidance on the CAV website and via the CAV call centre.

Each of the above stakeholders will receive the same information via the social media and information campaigns.

**Compliance and enforcement**

CAV will ensure compliance with the new legislative requirements, primarily through its existing monitoring and enforcement activity undertaken as part of its day to day operations.

# Evaluation strategy

A robust evaluation strategy is essential to ensure the preferred option is practical, effective, and relevant to the sector and aligned with government objectives on an ongoing basis.

The objective of evaluating the preferred option will be to assess its ongoing effectiveness in ensuring the competency of industry practitioners, as well as to identify any emerging issues which may require government attention.

The Department evaluates the effectiveness of the current Regulations through sector complaints monitoring and stakeholder consultation. The Department monitors the frequency and nature of complaints on CAV’s internal database. In terms of stakeholder consultation, the Department regularly engages relevant stakeholders on an informal basis. For example, the Department consulted with the REIV and DET on the options in this RIS. The Department proposes to continue these approaches to evaluate the preferred option.

Additionally, the Department will monitor the preferred option’s effectiveness and identify emerging issues through post implementation evaluation. It will undertake this within three to five years after the regulations commence. This will include assessing any changes in behaviour among key stakeholder groups during this period, and seeking feedback from stakeholders on the operation of the new Regulations. The changes observed will be assessed against the objectives outlined in this RIS.

# Appendix 1: Changes from the 2008 Regulations to the Interim Regulations

As noted in section 2.4, there were four minor changes to prescribed units from the 2008 Regulations to the Interim Regulations.

*Table 51: changes to prescribed units from the 2008 Regulations to the Interim Regulations*

|  |  |  |
| --- | --- | --- |
| 2008 Regulations (previous units) | Interim Regulations (current units) | Changes |
| CPPDSM4009A | CPPDSM4009B | Unit required knowledge section and range statement updated with sustainability content |
| CPPDSM4015A | CPPDSM4015B | Unit required knowledge section updated with sustainability content |
| BSBSMB406A | BSBSMB406 | Updated to meet Standards for Training Packages |
| BSBRKG304B | BSBRKG304 | Updated to meet Standards for Training Packages |

# Appendix 2: Agent’s representative and estate agent options

#### Agent’s representative – units of competency

*Table 52: Agent’s representative units of competency for option 1*

| OPTION 1 | Nominal Hours[[53]](#footnote-54) |
| --- | --- |
| (12 units total) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| Total | 430 |
| Average | 36 |

*Table 53: Agent’s representative units of competency for option 2*

| OPTION 2 | Nominal Hours |
| --- | --- |
| (16 units total) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| Total | 595 |
| Average | 37 |

*Table 54: Agent’s representative units of competency for option 3*

| OPTION 3 – The Department’s preferred option to include in the Proposed Regulations | Nominal Hours |
| --- | --- |
| (18 units) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| Group D – Auctioneering |  |
| • CPPREP4161 - Undertake pre-auction processes | 20 |
| General Electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| • CPPREP4503 - Present at hearings in real estate | 20 |
| Total | 635 |
| Average | 35 |

#### Estate agent – units of competency

*Table 55: Estate agent units of competency for option 1*

| OPTION 1 | Nominal Hours |
| --- | --- |
| (22 units) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| Group D – Auctioneering |  |
| • CPPREP4161 - Undertake pre-auction processes | 20 |
| • CPPREP4162 - Conduct and complete sale by auction | 25 |
| • CPPREP4163 - Complete post-auction process and contract execution | 15 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| • CPPREP4501 - Prepare to complete the sales process – off the plan properties | 50 |
| • CPPREP4503 - Present at hearings in real estate | 20 |
| • CPPREP4504 - Deliver presentations to clients in real estate | 10 |
| Total | 735 |
| Average | 33 |

*Table 56: Estate agent units of competency for option 2*

| OPTION 2 – The Department’s preferred option to include in the Proposed Regulations | Nominal Hours |
| --- | --- |
| (29 units) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| Group D – Auctioneering |  |
| • CPPREP4161 - Undertake pre-auction processes | 20 |
| • CPPREP4162 - Conduct and complete sale by auction | 25 |
| • CPPREP4163 - Complete post-auction process and contract execution | 15 |
| Group G – Commercial Sales and Leasing |  |
| • CPPREP4202 - Establish and maintain vendor and lessor relationships and networks | 50 |
| • CPPREP4203 - Complete commercial property sale | 60 |
| • CPPREP4204 - Establish commercial property lease | 60 |
| Group H – Commercial and Property Management |  |
| • CPPREP4231 - Manage commercial property maintenance | 30 |
| • CPPREP4233 - Manage lessee relationships – commercial | 45 |
| • CPPREP4234 - Manage lessor relationships – commercial | 25 |
| • CPPREP4235 - End commercial property lease | 50 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| • CPPREP4501 - Prepare to complete the sales process – off the plan properties | 50 |
| • CPPREP4503 - Present at hearings in real estate | 20 |
| • CPPREP4504 - Deliver presentations to clients in real estate | 10 |
| Total | 1055 |
| Average | 36 |

*Table 57: Estate agent units of competency for option 3*

| OPTION 3 | Nominal Hours |
| --- | --- |
| (34 units) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| Group D – Auctioneering |  |
| • CPPREP4161 - Undertake pre-auction processes | 20 |
| • CPPREP4162 - Conduct and complete sale by auction | 25 |
| • CPPREP4163 - Complete post-auction process and contract execution | 15 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| • CPPREP4501 - Prepare to complete the sales process – off the plan properties | 50 |
| • CPPREP4503 - Present at hearings in real estate | 20 |
| • CPPREP4504 - Deliver presentations to clients in real estate | 10 |
| **Units taken from CPP51119 Diploma of Property:** |  |
| Core units: |  |
| • CPPREP5001 - Manage compliance in the property industry | 50 |
| • CPPREP5002 - Establish and monitor property industry trust account management practices | 70 |
| • CPPREP5003 - Manage ethical practice in the property industry | 30 |
| • CPPREP5004 - Manage a safe workplace in the property industry | 40 |
| • CPPREP5005 - Manage teams in the property industry | 40 |
| • CPPREP5006 - Manage operational finances in the property industry | 60 |
| • CPPREP5007 - Develop a strategic business plan in the property industry | 50 |
| Elective units: |  |
| • Any 5 elective units |  |
| Total (approx.) | 1391 |
| Average (approx.) | 44 |

*Table 58: Estate agent units of competency for option 4*

| OPTION 4 | Nominal Hours |
| --- | --- |
| (41 units) |  |
| **Units taken from CPP41419 Certificate IV:** |  |
| Core units: |  |
| • CPPREP4001 - Prepare for professional practice in real estate | 30 |
| • CPPREP4002 - Access and interpret ethical practice in real estate | 40 |
| • CPPREP4003 - Access and interpret legislation in real estate | 50 |
| • CPPREP4004 - Establish marketing and communication profiles in real estate | 20 |
| • CPPREP4005 - Prepare to work with real estate trust accounts | 50 |
| Group A – Residential Property Sales |  |
| • CPPREP4101 - Appraise residential property for sale or lease | 40 |
| • CPPREP4102 - Market property | 30 |
| • CPPREP4103 - Establish vendor relationships | 30 |
| • CPPREP4104 - Establish buyer relationships | 25 |
| • CPPREP4105 - Sell property | 60 |
| Group B – Residential Property Management |  |
| • CPPREP4121 - Establish landlord relationships | 30 |
| • CPPREP4122 - Manage tenant relationships | 30 |
| • CPPREP4123 - Manage tenancy | 50 |
| • CPPREP4124 - End tenancy | 30 |
| • CPPREP4125 - Transact in trust accounts | 50 |
| Group D – Auctioneering |  |
| • CPPREP4161 - Undertake pre-auction processes | 20 |
| • CPPREP4162 - Conduct and complete sale by auction | 25 |
| • CPPREP4163 - Complete post-auction process and contract execution | 15 |
| Group G – Commercial Sales and Leasing |  |
| • CPPREP4202 - Establish and maintain vendor and lessor relationships and networks | 50 |
| • CPPREP4203 - Complete commercial property sale | 60 |
| • CPPREP4204 - Establish commercial property lease | 60 |
| Group H – Commercial and Property Management |  |
| • CPPREP4231 - Manage commercial property maintenance | 30 |
| • CPPREP4233 - Manage tenant relationships – commercial | 45 |
| • CPPREP4234 - Manage lessor relationships – commercial | 25 |
| • CPPREP4235 - End commercial property lease | 50 |
| General electives |  |
| • BSBDIV301 - Work effectively with diversity | 30 |
| • CPPREP4501 - Prepare to complete the sales process – off the plan properties | 50 |
| • CPPREP4503 - Present at hearings in real estate | 20 |
| • CPPREP4504 - Deliver presentations to clients in real estate | 10 |
| **Units taken from CPP51119 Diploma of Property:** |  |
| Core units: |  |
| • CPPREP5001 - Manage compliance in the property industry | 50 |
| • CPPREP5002 - Establish and monitor property industry trust account management practices | 70 |
| • CPPREP5003 - Manage ethical practice in the property industry | 30 |
| • CPPREP5004 - Manage a safe workplace in the property industry | 40 |
| • CPPREP5005 - Manage teams in the property industry | 40 |
| • CPPREP5006 - Manage operational finances in the property industry | 60 |
| • CPPREP5007 - Develop a strategic business plan in the property industry | 50 |
| Elective units: |  |
| • Any 5 elective units |  |
| Total (approx.) | 1651 |
| Average (approx.) | 42 |

# Appendix 3: current Certificate IV and current agent’s representative certificate

As noted in section 6.3, Tables 59 and 60 outline the units contained in the current qualifications, which include three units from the current Certificate IV for the agent’s representative course and the 24 units from the current Certificate IV for the estate agent’s course. It also provides an estimate of the duration of each unit and an estimate of the duration of each course.

*Table 59: Agents’ representative Certificate prescribed units*

| Unit Code | Unit Name | Nominal Hours |
| --- | --- | --- |
| CPPDSM4007A | Identify legal and ethical requirements of property management to complete agency work | 30 |
| CPPDSM4008A | Identify legal and ethical requirements of property sales to complete agency work | 30 |
| CPPDSM4080A | Work in the real estate industry | 20 |
| Total |  | 80 |
| Average |  | 27 |

*Table 60: CPP40307 Certificate IV in Property Services (Real Estate) prescribed units*

| Unit Code | Unit Name | Nominal Hours |
| --- | --- | --- |
| CPPDSM4001A | Act as a buyer’s agent | 20 |
| CPPDSM4003A | Appraise property | 40 |
| CPPDSM4004A | Conduct auction | 10 |
| CPPDSM4005A | Establish and build client–agency relationships | 20 |
| CPPDSM4006A | Establish and manage agency trust accounts | 60 |
| CPPDSM4007A | Identify legal and ethical requirements of property management to complete agency work | 30 |
| CPPDSM4008A | Identify legal and ethical requirements of property sales to complete agency work | 30 |
| CPPDSM4009B | Interpret legislation to complete agency work | 30 |
| CPPDSM4010A | Lease property | 50 |
| CPPDSM4011A | List property for lease | 25 |
| CPPDSM4012A | List property for sale | 30 |
| CPPDSM4013A | Market property for lease | 25 |
| CPPDSM4014A | Market property for sale | 30 |
| CPPDSM4015B | Minimise agency and consumer risk | 30 |
| CPPDSM4016A | Monitor and manage lease or tenancy agreement | 50 |
| CPPDSM4018A | Prepare and present property reports | 30 |
| CPPDSM4019A | Prepare for auction and complete sale | 20 |
| CPPDSM4020A | Present at tribunals | 20 |
| CPPDSM4022A | Sell and finalise the sale of property by private treaty | 50 |
| CPPDSM4049A | Implement maintenance plan for managed properties | 25 |
| CPPDSM4056A | Manage conflict and disputes in the property industry | 20 |
| CPPDSM4080A | Work in the real estate industry | 20 |
| BSBSMB406A | Manage small business finances | 60 |
| BSBRKG304B | Maintain business records | 30 |
| Total |  | 755 |
| Average |  | 31 |

# Appendix 4: Estimated duration of current Certificate IV and current agent’s representative certificate and the three options

As mentioned in section 6.3, the purpose of this RIS is to compare the options against the Base Case. For completeness, Table 61 shows the estimated duration of the current agent’s representative course of instruction and the duration of the three agent’s representative course options. Table 62 shows the estimated duration of the current estate agent course of instruction and the duration of the four estate agent course options.

*Table 61: Estimated duration of current agent’s representative course of instruction and options*

|  |  |
| --- | --- |
| Course | Duration (Nominal Hours) |
| Current agent’s representative certificate | 80 |
| Option 1 | 430 |
| Option 2 | 595 |
| Option 3 | 635 |

*Table 62: Estimated duration of current estate agent course of instruction and options*

|  |  |
| --- | --- |
| Course | Duration (Nominal Hours) |
| Current estate agent course of instruction | 755 |
| Option 1 | 735 |
| Option 2 | 1055 |
| Option 3 | 1391 |
| Option 4 | 1651 |

# Appendix 5: Further information on UK real estate sector

The UK definition of property agents are as follows:

* ‘Letting agents’ – those who work for rental providers to advertise their properties, negotiate tenancies and/or help the landlord to manage the property and tenancy on an ongoing basis on the landlord’s behalf.
* ‘Managing agents’ – agents in the leasehold sector who provide services to freeholders and collect certain fees and charges on the freeholder’s behalf.
* ‘Sales agents’ – agents who help with the sale and purchase of property, whether on a freehold, leasehold or commonhold basis.
* ‘Auctioneers’ – those agents engaged in the auctioneering of residential property.

Many, but not all, property agents in the UK belong to a professional or trade body. Table 55 provides an indication (but not an exhaustive list) of the number of property agents and firms that belong to professional bodies in the UK.[[54]](#footnote-55)

There are approximately:

* 20,000 estate agent businesses in the UK[[55]](#footnote-56)
* 51,000 individual estate agents and auctioneers in the UK[[56]](#footnote-57)
* 8,000 letting and management agents in England.[[57]](#footnote-58)

*Table 63: Indicative number of agents and firms that belong to professional bodies in the UK*

| Name | Specialism | Membership numbers (approximate) |
| --- | --- | --- |
| Association of Residential Letting Agents (ARLA) Propertymark | Letting agents – individuals | 9,600 individuals |
| Association of International Property Agents | Letting and sales agents – firms (specialises in overseas lettings and sales) | 370 firms |
| Association of Residential Managing Agents (ARMA) | Managing agents – firms | 265 firms |
| Guild of Property Professionals (GPP) | Letting and sales agents – independent firms | 800 firms |
| Institute of Residential Property Management (IRPM) | Managing agents – individuals | 5,000 individuals |
| National Association of Estate Agents (NAEA) Propertymark | Sales agents – individuals | 7,200 individuals |
| Safeagent | Letting agents – firms | 1,500 firms |
| UK Association of Letting Agents | Letting agents – firms | 987 firms |

# Appendix 6: Further information on Propertymark

The National Association of Estate Agents (NAEA) – the UK’s leading professional body for estate agency personnel – represents members who practice from over 12,000 offices in all aspects of property services.[[58]](#footnote-59) To become a member of the NAEA (in England, Wales and Northern Ireland) an individual must complete the Level 3 Award in the Sale of Residential Property.[[59]](#footnote-60)

The Association of Residential Letting Agents (ARLA) is the UK’s foremost professional and regulatory body for letting agents, representing over 9,000 members. To become a member of the ARLA (in England and Wales) an individual must complete the Level 2 Award in Introduction to Residential Property Management Practice.[[60]](#footnote-61)

The National Association of Valuers and Auctioneers (NAVA) promotes the highest standards of professionalism throughout the auctioneering and valuation industry. To become a member of the NAVA (in England and Wales) an individual must complete the Level 3 Award in Real property Auctioneering.[[61]](#footnote-62)

Propertymark accounts for a large proportion of the property agents that belong to professional bodies in the UK. Of the 51,000 estate agents and auctioneers in the UK[[62]](#footnote-63), NAEA Propertymark accounts for approximately 7,200 sales agents. There is no data available on the number of auctioneers associated with NAVA Propertymark. ARLA Propertymark accounts for about 9,600 letting and management agents in the UK. As noted above, the UK Government estimated that there were approximately 8,000 letting and management agents in England.

# Appendix 7: Quantitative Analysis – key assumptions and methodology

This Appendix provides further information on the assumptions and methodology used to determine the estimated cost impact on RTOs, employers, students, and consumers for each option outlined in section 6.3. This Appendix should be considered in conjunction with section 8.

## RTOs

1. As noted in section 10, the Interim Regulations expire on 22 October 2020. The extended transition period (including for training, assessment and certification issuance) for the current Training Package ends on 30 September 2021. As such, RTOs can offer the current courses of instruction up until 30 September 2021.

Given limited information regarding the transition schedules of the various RTOs, and as a simplifying assumption, the Department assumes that RTOs will transition to the New Training Package when the regulations are made in October 2020 (as opposed to the end of the transition period on 30 September 2021).

1. The packaging rules for a training package qualification set out the overall requirements to achieve that qualification. The packaging rules clearly state what the core and elective requirements are for that qualification.[[63]](#footnote-64)

'Scope of registration' defines the services, training package qualifications, or competencies that an RTO is approved to deliver. An RTO may need to change its scope of registration if it seeks to add qualifications or units of competency (for example in excess of the packaging rules). An RTO seeking to change its scope of registration may incur an application lodgement fee of $500. The fee per application will be the same regardless of how many items are included.[[64]](#footnote-65)

All the options require additional Certificate IV elective units in excess of the 18 units specified in the packaging rules (that is, four additional units for option 1 and 3 and 11 additional units for option 2 and 4) and two of the options (option 3 and 4) require the completion of the Diploma. As such, RTOs are likely to have to add Certificate IV units and the Diploma (in the case of option 3 and 4) to their scope-of-registration. Therefore, it is assumed that all RTOs will incur the $500 change of scope application lodgement fee.

1. RTOs that intend to offer the courses of instruction set out in the Proposed Regulations are likely to incur one-off course development costs. A conservative estimate of course development costs based on stakeholder advice is outlined in Table 64 below. Table 64 shows that the cost associated with developing teaching and print based resources is estimated to be around $5,000 and $25,000 per unit, respectively. The cost associated with developing online course content is estimated to be around $39,500 per unit. As such, the total cost of developing a unit is estimated to be $69,500.

*Table 64: Estimated cost of teaching, print based and online resources per unit of instruction*

| Resource | Estimated Cost per Unit |
| --- | --- |
| Teaching resources | $5,000 |
| Print based resources | $25,000 |
| Online course content | $39,500 |
| Total | $69,500 |

1. As noted in section 8.1.4, the Department assumes that RTOs will recover one-off course development costs and change of scope fees via student fees.

## Employers

REIV advised that most principal agents currently allow employees to complete the entire agent’s representative course during work hours as the qualification requires the completion of only three units. Also, the qualified employee will be much more valuable to the principal agent as the employee will not be limited to working on purely administrative matters. However, the options outlined in this RIS propose to increase the number of units that agents’ representatives will be required to complete by a substantial number. As such, it cannot be assumed that employers will allow employees to complete the entire agent’s representative course work during work hours.

A survey conducted by REIV in 2019 involving 53 of their students who had completed their studies in 2017, 2018 and 2019, or who were still studying at the time of the survey in 2019, found that 62 percent of employers provided time during work hours for students to undertake course work (that is, withdrawal time) for the current Certificate IV. However, it is only a legal requirement that students undertaking a traineeship are provided withdrawal time (a minimum of three hours per week for a Certificate III or above for the duration of a full-time course[[65]](#footnote-66)). In 2018, approximately three percent of students undertaking the current Certificate IV were enrolled as trainees[[66]](#footnote-67). As such, this survey indicates that it is likely that many employers provide withdrawal time even though they are not required to do so by law. The survey also showed a further 27 percent of employers provided financial assistance and 50 percent provided mentoring.

Given that:

* most employers provide some form of assistance to students (primarily via time to study during work hours)
* there is limited data on the type of the assistance employers provide to students

the Department makes the simplifying assumption that all employers will provide the equivalent of three hours withdrawal time per week to employees for the duration of their full-time course.

Based on stakeholder advice, the Department makes the simplifying assumption that the current Certificate IV is completed in 40 weeks. The number of weeks over which the courses specified in the options are completed is derived from this assumption. For example, if it takes 40 weeks to complete a course consisting of 24 units, it will take 57 weeks to complete a course consisting of 34 units (as is the case for the estate agent course of instruction outlined in Option 3). The duration of a course of instruction (measured in weeks) and withdrawal time (measured in hours per week) are then used to calculate the cost to employers of providing withdrawal time.

Employer costs are disaggregated in terms of whether they employ a student undertaking an agent’s representative course of instruction or estate agent course of instruction (see section 8.1.4).

The Department makes the simplifying assumption that employers each employ one student and will pass on the costs associated with withdrawal time for that student to consumers (see section 8.1.5).

The following methodology was used to determine the regulatory impact the options will have on employers:

1. The total cost to employers providing withdrawal time to estate agent students and the total cost to employers providing withdrawal time to agent’s representative students was determined for the base year (that is, 2020). This involved the following calculation: total cost (withdrawal time) = number of students (agent’s representative or estate agent students) \* withdrawal hours per week \* number of weeks.
2. An annual real growth rate of 2.6 percent was then used to determine the annual increase in real costs to each category of employer (that is, those who employ estate agent students and those who employ agent’s representative students) for the 2021-30 period. The annual real growth rate is the sum of the following rates:

* Annual increase in the number of estate agents and agent’s representatives:
  + - The Australian Government’s Job Outlook website states that the number of people working as real estate sales agents (in their main job) grew very strongly over the past five years and is expected to grow over the next five years from 90,800 in 2018 to 97,400 by 2023. [[67]](#footnote-68) Based on this data, that average percentage change in the number of people working in real estate nationally over the five years to 2023 is 1.45 percent per year. Given limited information, the Department assumes that the number of agents’ representatives and estate agents operating in Victoria will increase at a rate of 1.45 per year for the 2021-30 period.
    - Based on the above rate, it is estimated that on average:
      * 2,033 agents’ representatives will enter the industry each year for the 2021-30 period
      * 893 estate agents will enter the industry each year for the 2021-30 period.
* Annual increase in real wages:
  + - The Department of Treasury and Finance (DFT) forecasts average annual Victorian wage price growth for the period 2019-20 to 2022-23 at 3.25% (in nominal terms). The Budget papers also forecast an annual inflation rate of 2.125% per annum for the same period. Thus, for the 2019-20 to 2022-23 period real wages will likely increase at an annual rate of 1.125%.[[68]](#footnote-69) Given limited information, the Department assumes real wages will increase at 1.125 percent per year for the 2021-30 period.

1. The NPV of the total cost to employers (in aggregate) for the 2021-30 period was then determined for each category of employer using a real interest rate of 4%, as prescribed by DTF[[69]](#footnote-70). This puts future costs in current dollar terms. The NPV was then divided by 10 to give an average annual cost to employers for that period.
2. The annual cost for each category of employer was then divided by the average number of employees (from the relevant category) for the 2021-30 period to produce the average annual cost per employer for that period.

## Students

The following key assumptions are used to determine the regulatory impact the options will have on students:

1. Agents’ representatives and licensed estate agents currently working in the industry, as well as individuals who have completed a course of instruction in line with regulations 7 and 9 of the Proposed Regulations, will be exempt from the Proposed Regulations.
2. The regulatory burden falls on those individuals who complete a prescribed course of instruction and subsequently enter the industry. That is, individuals that complete an agent’s representative or estate agent course of instruction and do not enter the industry are not within the scope of this RIS.
3. The number of estate agents entering the industry each year is equal to the number of licences approved by the Department each year.

In terms of agents’ representatives, REIV advised that:

* + approximately 30 percent of students that complete the agent’s representative course of instruction at REIV subsequently enter the industry
  + subject completions at the REIV accounted for approximately 35% of total annual VET subject enrolments in Victoria for the 2015-18 period.[[70]](#footnote-71)

Given that REIV accounts for a substantial proportion of VET subject enrolments in Victoria and the number of students that enter the industry subsequent to completing the REIV course of instruction is likely to reflect what occurs more broadly, it is assumed that 30 percent of students who complete the agent’s representative course of instruction will subsequently enter the industry and work as agents’ representatives.

1. Excluding withdrawal hours (see section 18.2), it is assumed that students complete the agent’s representative and estate agent course of instruction outside work hours.
2. This RIS uses the nominal hours specified in the Victorian Purchasing Guide for CPP Property Services Training Package Release 10, March 2020 (the Guide) to determine the duration of the course of instruction for each option and the average time taken to complete a unit of competency for each option.
3. The RIS makes the simplifying assumption that students work in the industry while undertaking their course of instruction. As noted in section 2.4, an applicant for an estate agent’s licence must also have completed the equivalent of 12 months’ full-time experience as an agent’s representative in the three years before applying for a licence. As such, it is assumed that students undertaking an estate agent course of instruction (which typically takes less than 12 months to complete) are employed as agent’s representatives. Based on advice from the REIV, it is assumed that students undertaking the agent’s representative course of instruction typically work as administrative assistants in the real estate industry.

The assumption regarding estate agents is further supported by the survey conducted by REIV in 2019 (see section 18.2), which found that 76.66 percent of REIV students worked in the industry when they commenced their certificate IV training.

1. The completion of a prescribed course of instruction outside work hours represents an opportunity cost for students. Typically, the opportunity cost of leisure time is assumed to be the wage rate or some fraction of the wage rate.[[71]](#footnote-72) [[72]](#footnote-73) According to PayScale data (viewed 29/5/2020), the average entry-level real estate sales agent (that is, with less than one years’ experience) earns approximately $17.00 per hour in Australia. Also, according to PayScale data, the average administrative assistant earns approximately $15.77 per hour in Australia. Note that these PayScale figures exclude benefits, bonuses, profit sharing or commissions. Based on these PayScale wages, the Department makes the simplifying assumption that, for the 2019-20 period, the opportunity costs faced by students undertaking both courses of instruction is equivalent to the national minimum wage which is $19.49 per hour.

Opportunity cost = (the average time taken to complete a unit of competency \* the number of units of competency taken \* the national minimum wage). Note that withdrawal time provided by the employer is subtracted from the opportunity cost.

1. Based on NCVER data for the 2015-18 period, it is assumed that approximately 10 percent of subject enrolments in the agent’s representative course and 34 percent of enrolments in the current Certificate IV are ‘government funded’. NCVER’s government funded category includes funding from both the state and commonwealth government. The former consists of Skills First Funding and the latter of financial incentives for businesses that employ trainees.[[73]](#footnote-74) [[74]](#footnote-75) The NCVER data does not differentiate between state and commonwealth funding sources. However, according to NCVER data, traineeships (that is, that receive commonwealth government funding) accounted for only three percent of program enrolments in Victoria on average for the 2015-18 period. Further, it is likely that many trainees also receive Skills First Funding. As such, the Department makes the simplifying assumption that the above funding percentages identify the percentage of students who receive Skills First Funding.
2. As noted directly above, it is assumed that approximately 10 percent of subject enrolments in the agent’s representative course and 34 percent of enrolments in the current Certificate IV receive funding from the Victorian government. As such, of the 2,033 agent’s representatives entering the industry each year for the 2021-30 period, it is assumed 208 will receive government funding and 1,825 will be charged full fee for the agent’s representative course of instruction. Also, of the 893 estate agents entering the industry each year for the 2021-30 period, it is assumed that 305 will receive government funding and 588 will be charged full fee for the estate agent course of instruction.
3. As noted in section 8.1.5, costs faced by students for a course of instruction will vary depending on the educational institution they choose to attend. As such, the cost impact on students is expressed in terms of an upper bound estimate (based on RTOs that have the highest fees) and lower bound estimate (based on RTOs that have the lowest fees).

Given limited information, and for simplifying purposes, it is assumed that (for both funded and full fee units) the average cost of a current Certificate IV unit and current Diploma unit is equivalent to the average cost of a Certificate IV unit and Diploma unit, respectively (noting that these costs will vary among RTOs).

This RIS identifies 19 RTOs in Australia that offer the current Certificate IV (13 of which are located in Victoria). To ensure a more accurate upper and lower bound estimate, any CPP40307 Certificate IV in Property Services (Real Estate) that did not meet Victorian licensing requirements was not considered when determining upper and lower bound costs. This RIS identifies 13 RTOs in Australia that offer the current Diploma. None of the RTOs that offer the current Diploma are located in Victoria. Box Hill Institute, which is located in Victoria, offered the current Diploma up until 2019.[[75]](#footnote-76)

Three institutions, also located outside Victoria, currently offer the Diploma. The average cost per unit of the three Diplomas varies significantly (from $282.50 per unit to $446.67 per unit) and fall within the upper and lower bound range of what it costs to complete the current Diploma.

It is assumed that the seven Victorian RTOs that currently receive Skills First Funding for the current Certificate IV will receive Skills First Funding for both the Certificate IV and Diploma for the 2021-30 period. Also, it is assumed that RTOs that provide only full fee places for the current Certificate IV will continue to do so for the Certificate IV and Diploma for the 2021-30 period (i.e. they will not have access to Skills First Funding).

RTOs that did not provide fee information on their website were not included when determining upper and lower bound costs.

Table 65 outlines the estimated cost of both the funded and full fee Certificate IV and Diploma units at the upper bound. All the values in Table 57 are derived from Box Hill Institute. As noted above, the Box Hill Institute offered the current Diploma up until 2019. In order to estimate the cost that Box Hill Institute would likely have charged for the current Diploma in 2020, the percentage increase from 2019 to 2020 of the cost of the current Certificate IV offered at Box Hill Institute was applied to the cost of the current Diploma that was offered in 2019. Further, given limited information, it is assumed that funding for the current Diploma (should it be on offer at Box Hill Institute in 2020) would be subsidised at the same rate as their current Certificate IV.

*Table 65: Estimate of upper bound cost per unit (derived from Box Hill Institute)*

| Upper Bound Cost per Unit (Funded and Full Fee) | | |
| --- | --- | --- |
|  | Funded | Full Fee |
| Certificate IV | $165.38 | $369.88 |
| Diploma | $205.92 | $547.44 |

Table 66 outlines the estimated cost of both the funded and full fee Certificate IV and Diploma unit at the lower bound. Of the seven RTOs that offer funding for the current Certificate IV, the Institute of Training and Further Education (ITFE) charges the lowest fee for the current Certificate IV. Given limited information and the assumption that ITFE will have access to funding for the Diploma, in order to estimate the cost of an subsidised ITFE Diploma, it is assumed that the cost differential between the ITFE Certificate IV and the Box Hill Institute Certificate IV will equal the cost differential between the ITFE Diploma and Box Hill Institute Diploma. That is, given the cost of the subsided ITFE Certificate IV was 23 percent the cost of the Box Hill Institute Certificate IV, it is assumed the ITFE Diploma will be 23 percent the cost of the Box Hill Institute Diploma. As such, it is assumed that ITFE will also have the lowest cost funded Diploma. National Real Estate Learning (NREL) had the lowest cost full fee current Certificate IV, while McDonald Education had the lowest cost full fee Diploma.

Table 66: *Estimate of lower bound cost per unit (derived from ITFE, NREL and McDonald Training))*

|  |  |  |
| --- | --- | --- |
| Lower Bound Cost per Unit (Funded and Full Fee) | | |
|  | Funded | Full Fee |
| Certificate IV | $38.75 (ITFE) | $24.96 (NREL) |
| Diploma | $48.25 (ITFE) | $115.19 (McDonald Training) |

As can be seen in Table 58, the cost of a Certificate IV full fee unit is cheaper than funded unit at the lower bound. Numerous other full fee courses for current Certificate IV were also cheaper than the funded courses. For example, 12 full fee current Certificate IV courses were cheaper than the funded current Certificate IV course offered by Box Hill Institute. The price difference is likely to arise from differences in course resourcing and whether the course is offered online or on campus.

If option 1 or 3 is selected, estate agent students will be required to pay full fee for the additional four units that exceed the required 18 units specified in the Certificate IV packaging rules. Likewise, if option 2 or 4 is selected, estate agent students will be required to pay full fee for the additional 11 units that exceed the required 18 units specified in the Certificate IV packaging rules. Given that ITFE is at the lower bound of funded courses, students attending ITFE will be required to pay $164.58 per unit (that is, cost of a full fee Certificate IV unit at ITFE) for each additional unit above the 18 units required in the packaging rules. Similarly, given that Box Hill Institute is at the upper bound of funded courses, students attending Box Hill Institute will be required to pay $369.88 per unit (that is, cost of a full fee Certificate IV unit at Box Hill Institute) for each additional unit above the 18 units required in the packaging rules. See section 8.4 for further details on funding.

Table 67 outlines the cost per unit for each additional unit above the 18 units specified in the Certificate IV training package that students undertaking a funded course at ITFE and Box Hill Institute are likely to incur.

*Table 67: Cost per unit for each additional unit above the 18 units specified in the Certificate IV training package that students undertaking a funded course at ITFE and Box Hill Institute are likely to incur*

|  |  |  |
| --- | --- | --- |
| Cost per unit for each additional unit above the 18 units specified in the Certificate IV training package | | |
|  | Lower Bound (ITFE) | Upper Bound (Box Hill Institute) |
| Certificate IV | $164.58 | $369.88 |

Table 68 lists 19 RTOs that provide the full fee course of instruction for the current Certificate IV along with the corresponding course fee and average cost per unit. NREL is at the lower bound and Box Hill Institute is at the upper bound. The course costs outlined in Table 60 are from 2020. Note that while the courses listed in Table 58 may be subject to change after being viewed for this RIS, they remain relevant.

*Table 68: List of RTOs that provide current Certificate IV courses and corresponding course fee and average fee per unit for full fee places*

| RTOs | Course Cost | Cost per Unit |
| --- | --- | --- |
| National Real Estate Learning (NREL) | $599.00 | $24.96 |
| Entry Education | $895.00 | $37.29 |
| Real Estate Academy of Australia Pty Ltd | $899.00 | $37.46 |
| Macdonald Education | $1,795.00 | $74.79 |
| Connect Skills Institute | $1,900.00 | $79.17 |
| Australian Sales masters Training Co | $1,985.00 | $82.71 |
| Sydney Institute of Interpreting and Translating | $2,088.00 | $87.00 |
| Australian College of Professionals | $2,250.00 | $93.75 |
| My Real Estate Training | $2,750.00 | $114.58 |
| Kaplan Professional | $2,785.00 | $116.04 |
| Training Agents Australia t/a Under the Hammer Training | $3,500.00 | $145.83 |
| Institute of Training and Further Education | $3,950.00 | $164.58 |
| Phillips Institute | $3,995.00 | $166.46 |
| Real Estate Institute of Victoria | $5,587.00 | $232.79 |
| Empire Institute of Education | $6,000.00 | $250.00 |
| Chisholm Institute | $6,855.25 | $285.64 |
| Kangan Institute | $7,114.50 | $296.44 |
| Skilled Up | $7,500.00 | $312.50 |
| Box Hill Institute | $8,877.00 | $369.88 |

Table 69 lists five RTOs that provide a funded course of instruction for the current Certificate IV along with the corresponding course fee and average cost per unit. ITFE is at the lower bound and Box Hill Institute is at the upper bound. The course costs outlined in Table 61 are from 2020.

*Table 69: List of RTOs that provide current Certificate IV courses and corresponding course fee and average fee per unit for funded places*

| RTOs | Course Cost | Cost per Unit |
| --- | --- | --- |
| Institute of Training and Further Education | $930.00 | $38.75 |
| Real Estate Institute of Victoria | $1,510.00 | $62.92 |
| Kangan Institute | $2,531.25 | $105.47 |
| Chisholm Institute | $2,665.00 | $111.04 |
| Box Hill Institute | $3,969.00 | $165.38 |

Table 70 lists 12 RTOs that provide the full fee course of instruction for the current Diploma and Diploma along with the corresponding course fee and average cost per unit. McDonald Education is at the lower bound and Box Hill Institute is at the upper bound. The course costs outlined in Table 62 are from 2020 (noting that the Box Hill Institute Diploma is an estimate based on its cost in 2019).

*Table 70: List of RTOs that provide current Diploma and Diploma courses and corresponding course fee and average fee per unit for full fee places*

| RTOs | Course Cost | Cost per Unit |
| --- | --- | --- |
| McDonald Education | $2,995.00 | $115.19 |
| REIWA | $3,299.00 | $126.88 |
| Kaplan Professional | $3,325.00 | $127.88 |
| West Cost Property Training | $3,500 | $134.62 |
| Australian College of Professionals (RPL – 9 units to complete) | $1,530.00 | $170.00 |
| National Institute of Education and Technology | $5,000.00 | $192.31 |
| Real Estate Institute of NSW Limited (CPP51119) | $3,390.00 | $282.50 |
| Under the Hammer Training (CPP51119) | $3,500.00 | $291.67 |
| TAFE NSW | $9,120.00 | $350.77 |
| Australian Sales masters Training Co | $10,000.00 | $384.62 |
| Real Estate Institute of Northern Territory (CPP51119) | $5,360.00 | $446.67 |
| Box Hill Institute | $14,001.44 | $538.52 |

1. As noted in section 18.1, the Department makes the simplifying assumption that RTOs will transition to the course of instruction outlined in the Proposed Regulations on 21 October 2020. As such, the Department also assumes that RTOs will recover course development costs and scope of registration fees via student fees commencing on 21 October 2020.

It is not possible to determine the increase in student fees (resulting from RTOs recovering course development via student fees) for each individual option because the agent’s representative and estate agent options are independent of one another and can be combined in 12 different ways. Therefore, for the purpose of estimating the cost RTOs will pass on to each student, the Department assumes that on average agent’s representative students will complete 15 units and estate agent students will complete 35 units for their course of instruction. This is based on the average number of units of the three agent’s representative options and average number of units of the four estate agent options. See Table 71 below.

*Table 71: The average number of units of the three agent’s representative options and average number of units of the four estate agent options*

|  | Agent’s Representative Units | Estate Agent Units |
| --- | --- | --- |
| Option 1 | 12 | 22 |
| Option 2 | 16 | 29 |
| Option 3 | 18 | 34 |
| Option 4 |  | 41 |
| Average | 15 | 32 |

As noted in section 18.1, the total cost of developing a unit is (conservatively) estimated to be $69,500, which is equivalent to $6,950 per year when annualised over the 2021-30 period.

Given that on average 2,033 agent’s representatives and 893 estate agents will enter the industry each year for the 2021-30 period (see below), total subject enrolments are estimated to be 59,302 per year for the 2021-30 period.[[76]](#footnote-77) As mentioned above, REIV accounted for approximately 35% of total annual VET subject enrolments in Victoria for the 2015-18 period. As such, it is estimated REIV will account for 20,756 enrolments per year for the 2021-30 period.

The total cost of developing 32 units annualised over the 2021-30 period is $222,400 per year (note that the 15 agent’s representative units are among the 32 estate agent units). Using student data from the REIV, a ‘back-of-the-envelope’ calculation for the propose of this RIS estimates that the cost of each unit would increase, based on estimated student enrolments, by $10.72. That is, the increase in course fees = total annual cost of developing 35 units/total subject enrolments per year, or $222,400 / 20,756 = $10.72.

RTOs may spend less than, or more than, $69,500 on developing a unit. Further, the number subject enrolments will likely vary among RTOs. Therefore, given limited information regarding enrolment numbers and business models of the various RTOs, the Department makes the simplifying assumption that to recover course development costs, RTOs would increase unit fees by approximately $10.72.

1. As noted in section 18.1, it is assumed that all RTOs will incur the $500 change of scope application lodgement fee, which they will recover via student fees. Given the change of scope fee is equivalent to an annualised cost of $45.45 spread across the entire student cohort for the 2021-30 period, its impact on student fees is deemed to be negligible and not considered in this quantitative analysis.

The following methodology was used to determine the regulatory impact the options will have on students:

1. For students, the economic cost has the following two components:

* course cost
* opportunity cost.

1. As noted in section 8.1.4, RTOs will recover one-off course development costs and associated scope of registration fees via student fees, and employers will provide students with three hours withdrawal time each week for the duration of their course. The economic cost is adjusted to include these costs and savings.
2. The aggregate economic cost faced by each category of student (that is, funded/full fee; agent’s representative/estate agent) was determined for the base year (2020).
3. An annual real growth rate was then used to determine the annual increase in real costs for each category of student for the 2021-30 period. See section 18.2 for further details on the annual growth rate.

As the economic cost faced by students includes both course cost and opportunity cost, the growth rate associated with real wages is weighted as real wages are a component of opportunity costs but not course costs. As such, the weighted annual growth rate varies slightly (ranging from between 2.2 percent to 2.5 percent) between each category of student and each option given the ratio of course costs to opportunity cost also varies between each category of student and each option.

1. The NPV of the total cost to students (in aggregate) for the 2021-30 period was then determined for each category of student using a real interest rate of 4%, as prescribed by DTF. This puts future costs in current dollar terms. The NPV was then divided by 10 to give an average annual cost for that period.
2. The annual economic cost for each category of student was then divided by the average number of students (from the relevant category) for the 2021-30 period to produce the average cost per student for that period.

## Consumers

For the purposes of this quantitative analysis, consumers are defined as individuals who engage an estate agent to sell, lease or manage a property as well as ‘other services’ such as property valuations, fiduciary and escrow consulting, and miscellaneous consultancy fees. Nationally, ‘other services’ account for approximately 9.2 percent of industry revenue.[[77]](#footnote-78)

Data from the Valuer-General shows there were 165,842 property sales (including commercial, primary and residential) in Victoria in 2018.[[78]](#footnote-79) Given limited information, the Department assumes that 75 percent, or 124,382, of these sales were made using an estate agent.

ABS data from the 2011 Census of Population and Housing showed there were 321,183 landlords who used estate agents in the private rental sector in Victoria in 2011.[[79]](#footnote-80) Given limited information, the Department assumes the number of landlords who use estate agents in the private rental sector increased at 2.7 percent per year for the 2012-18 period (that is, in line with industry revenue growth)[[80]](#footnote-81). As such, there were likely to be 371,478 estate agents earning commissions or fees from leasing and/or managing properties in Victoria in 2018.

Therefore, it is assumed that business provided sales, leasing and property management services to 495,860 consumers in 2018.

It is assumed that revenue generated from ‘other services’ (which account for 9.2 percent of industry revenue nationally) is proportionate to the number of consumers via-a-vis other market segments (that is, selling, leasing and property management). As such, business in the real estate sector rendered selling, leasing, property management, and other services to approximately 546,101 consumers in 2018.

Based on the above data (but instead assuming industry revenue growth of 1.3 percent per year[[81]](#footnote-82)), it is assumed that estate agents in Victoria will provide real estate services to 634,342 consumers each year for the 2021-30 period. The average number of estate agent and agent’s representative students (combined) working in the industry is estimated to be 2,926 for the 2021-30 period. The average number of real estate business operating in the industry each year for the 2021-30 period is estimated to be 9,636 (based on ABS data, see section 2.1), of which it is assumed 2,926 employ a student (that is, one student per business). It is also assumed that businesses provide services to an equal number of consumers. As such, it is estimated that the 2,926 businesses with students would have an average of 192,642 customers per year for the 2021-30 period.[[82]](#footnote-83) Therefore, it is estimated that each real estate business employing a student will provide services to an average of 66 consumers per year for the 2021-30 period.

The total cost per consumer calculated by dividing the annual cost impact on an individual employer by the number customers per employer.

1. The Australian Bureau of Statistics (ABS) defines ‘real estate services’ (Class 6720) as entities engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for others. [↑](#footnote-ref-2)
2. ABS Cat. 8165.0, Counts of Australian Businesses, including Entries and Exits, June 2015 to June 2019. [↑](#footnote-ref-3)
3. ABS Cat. 8663.0, Real Estate Services Australia 2002-03, 2004. [↑](#footnote-ref-4)
4. IBISWorld Industry Report L6720, Real Estate Services in Australia, May 2019. [↑](#footnote-ref-5)
5. ABS Cat. 8155.0 – Australian Industry 2017-18, State and Territory Performance. [↑](#footnote-ref-6)
6. The most recent specific Victorian data appears to be from 2002-03 (ABS 2004, Real Estate Services Australia 2002-03, Cat. 8663.0), which indicated that total income of Victorian real estate agents in 2002-03 was $1,372.3 million. [↑](#footnote-ref-7)
7. IBISWorld Industry Report L6720, Real Estate Services in Australia, July 2019. [↑](#footnote-ref-8)
8. The BLA is an independent regulator within the Victorian Government's Justice portfolio, operating under the Business Licensing Authority Act 1998. [↑](#footnote-ref-9)
9. Report on the Statutory Review of Property, Stock and Business Agents Act 2002 [↑](#footnote-ref-10)
10. Regulation of Property Agents Working Group Final Report, July 2019 [↑](#footnote-ref-11)
11. CAV Annual Report 2018-19 [↑](#footnote-ref-12)
12. Regulation of Property Agents Working Group Final Report, July 2019 [↑](#footnote-ref-13)
13. <https://www.consumer.vic.gov.au/> [↑](#footnote-ref-14)
14. Victorian Guide to Regulation [↑](#footnote-ref-15)
15. <https://www.consumer.vic.gov.au/consumerpropertylawreview> [↑](#footnote-ref-16)
16. The Property Council of Victoria is a division of the Property Council of Australia, a peak body representing more than 2200 member companies that represent the full spectrum of the industry, including those who invest, own, manage and develop in all sectors of property. [↑](#footnote-ref-17)
17. J Webb, An Inquiry into the Professional Self Image of Real Estate Agents, The Journal of Real Estate Research, July-October 2000. [↑](#footnote-ref-18)
18. [www.roymorgan.com/findings/7244-roy-morgan-image-of-professions-may-2017-201706051543](http://www.roymorgan.com/findings/7244-roy-morgan-image-of-professions-may-2017-201706051543) [↑](#footnote-ref-19)
19. IBISWorld Industry Report L6720, Real Estate Services in Australia 2017-18. [↑](#footnote-ref-20)
20. Leal et al., Housing Market Turnover, Reserve Bank of Australia, see <https://www.rba.gov.au/publications/bulletin/2017/mar/pdf/bu-0317-3-housing-market-turnover.pdf> [↑](#footnote-ref-21)
21. <https://www.dtf.vic.gov.au/state-financial-data-sets/state-taxation-revenue> [↑](#footnote-ref-22)
22. <https://www.corelogic.com.au/news/housing-turnover-stabilises-housing-conditions-improve> [↑](#footnote-ref-23)
23. TUV CPLR submission, Issues Paper [↑](#footnote-ref-24)
24. TUV CPLR submission, Issues Paper [↑](#footnote-ref-25)
25. TUV CPLR submission, Options Paper [↑](#footnote-ref-26)
26. CAV Annual Report 2018-19 [↑](#footnote-ref-27)
27. CAV Annual Report 2015-16 [↑](#footnote-ref-28)
28. <https://www.reisa.com.au/news/mandatory-cpd-benefits-agents-and-consumers#.XqZHE0BOJlx> [↑](#footnote-ref-29)
29. TUV CPLR submission, Options Paper [↑](#footnote-ref-30)
30. ABS Cat. No. 4130.0 - Housing Occupancy and Costs, 2017-18, see <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2017-18~Main%20Features~Housing%20Tenure~3> [↑](#footnote-ref-31)
31. VCAT Annual Report 2018-19 [↑](#footnote-ref-32)
32. <https://www.consumer.vic.gov.au/> [↑](#footnote-ref-33)
33. <https://engage.vic.gov.au/fairersaferhousing> [↑](#footnote-ref-34)
34. This RIS uses nominal hours from Victorian Purchasing Guide for CPP Property Services Training Package Release 10, March 2020 as a measure of unit duration [↑](#footnote-ref-35)
35. Regulation of Property Agents Working Group – Final Report, July 2019 [↑](#footnote-ref-36)
36. <https://www.propertymark.co.uk/> [↑](#footnote-ref-37)
37. <https://www.asqa.gov.au/course-accreditation/accreditation-asqa> [↑](#footnote-ref-38)
38. IBISWorld Industry Report L6720, Real Estate Services Australia May 2019 [↑](#footnote-ref-39)
39. <https://www.sa.gov.au/topics/business-and-trade/licensing/real-estate/property-managers> [↑](#footnote-ref-40)
40. [https://www.fairtrading.nsw.gov.au/housing-and-property/property-professionals/licensing,-Certificateification-and-qualification/qualifications](https://www.fairtrading.nsw.gov.au/housing-and-property/property-professionals/licensing,-certification-and-qualification/qualifications) [↑](#footnote-ref-41)
41. <https://www.sa.gov.au/topics/business-and-trade/licensing/real-estate> [↑](#footnote-ref-42)
42. <https://nt.gov.au/industry/licences/real-estate-business-and-conveyancing-agents/training-for-real-estate-and-business-agents> [↑](#footnote-ref-43)
43. <https://nt.gov.au/industry/licences/register-agents-representative/training-for-agents-representatives> [↑](#footnote-ref-44)
44. As advised by the Property Agents Board of Tasmania [↑](#footnote-ref-45)
45. <https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/regulated-industries-and-licensing/regulated-industries-licensing-and-legislation/property-industry-regulation/get-a-property-industry-licence-or-registration/real-estate-agent-licence-or-registration/apply-for-a-real-estate-agent-licence> [↑](#footnote-ref-46)
46. <https://www.commerce.wa.gov.au/consumer-protection/individual-agent-or-business-agent-licence-real-estate> [↑](#footnote-ref-47)
47. <https://www.accesscanberra.act.gov.au/app/answers/detail/a_id/2202/kw/estate%20agent%20/related/1> [↑](#footnote-ref-48)
48. <https://www.accesscanberra.act.gov.au/app/answers/detail/a_id/1907/kw/salesperson%20registration%20real%20estate#!tabs-2> [↑](#footnote-ref-49)
49. IBISWorld Industry Report L6720, Real Estate Services in Australia, May 2019. [↑](#footnote-ref-50)
50. ABS Cat. No. 8663.0, Real Estate Services Australia 2002-03 [↑](#footnote-ref-51)
51. Competition Principles Agreement – 11 April 1995 (As amended to 13 April 2007) [↑](#footnote-ref-52)
52. Regulatory Impact Statement, Electricity Safety (General) Regulations 2019 [↑](#footnote-ref-53)
53. Nominal hours sourced from the Victorian Purchasing Guide for CPP Property Services Training Package Release 10, March 2020 [↑](#footnote-ref-54)
54. Regulation of Property Agents Working Group – Final Report, July 2019 [↑](#footnote-ref-55)
55. IBISWorld Industry Report L68.310 Estate Agents in the UK [↑](#footnote-ref-56)
56. <https://www.statista.com/statistics/319823/number-of-estate-agents-and-auctioneers-in-the-uk/> [↑](#footnote-ref-57)
57. <https://researchbriefings.files.parliament.uk/documents/SN06000/SN06000.pdf> [↑](#footnote-ref-58)
58. <https://www.naea.co.uk/about/> [↑](#footnote-ref-59)
59. <https://www.naea.co.uk/join/estate-agents/> [↑](#footnote-ref-60)
60. <https://www.arla.co.uk/join/letting-agents/> [↑](#footnote-ref-61)
61. <https://www.nava.org.uk/join/> [↑](#footnote-ref-62)
62. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyoccupationemp04> [↑](#footnote-ref-63)
63. <https://www.asqa.gov.au/resources/fact-sheets/delivering-elective-units> [↑](#footnote-ref-64)
64. <https://www.asqa.gov.au/rto/change-scope-registration> [↑](#footnote-ref-65)
65. The 2019 Guidelines about Apprenticeship/Traineeship Training Delivery (Version 1.0, published October 2018) [↑](#footnote-ref-66)
66. Based on data retrieved from NCVER [↑](#footnote-ref-67)
67. <https://joboutlook.gov.au/> [↑](#footnote-ref-68)
68. See, Macroeconomic Data 2019-20 Budget Update at <https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators> [↑](#footnote-ref-69)
69. According to the Department of Treasury and Finance’s Economic Evaluation for Business Cases Technical guidelines August 2013, the recommended real discount rate for investments in education is 4 percent. As such, this uses a real discount rate of 4 percent. [↑](#footnote-ref-70)
70. Data for annual VET subject enrolments in Victoria for the 2015-18 period retrieved from NCVER database. [↑](#footnote-ref-71)
71. See <https://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780190211561.001.0001/acprof-9780190211561-chapter-4> [↑](#footnote-ref-72)
72. See <https://www.sciencedirect.com/science/article/abs/pii/S0095069699910768> [↑](#footnote-ref-73)
73. Productivity Commission – Report on Government Services 2018, Chapter 5 [↑](#footnote-ref-74)
74. <https://www.acop.edu.au/courses/government-funded/> [↑](#footnote-ref-75)
75. <https://web.archive.org/web/20190325135108/https://www.boxhill.edu.au/courses/diploma-of-property-services-agency-management-tdm91-d/> [↑](#footnote-ref-76)
76. (15\*2033) + (32\*893) = 59,302 enrolments [↑](#footnote-ref-77)
77. IBISWorld Industry Report L6720 Real Estate Services Australia May 2019 [↑](#footnote-ref-78)
78. A Guide to Property Values: Annual analysis of property sales data from Valuer-General Victoria January December 2018, see, <https://www.propertyandlandtitles.vic.gov.au/property-information/property-prices> [↑](#footnote-ref-79)
79. Residential Tenancies Act Review Laying the Groundwork - Consultation Paper, see <https://engage.vic.gov.au/fairersaferhousing> [↑](#footnote-ref-80)
80. IBISWorld Industry Report L7720, Real Estate Agents in Australia September 2017 (i.e. the annual revenue growth rate of the estate agent industry for the 2013-18 period) [↑](#footnote-ref-81)
81. IBISWorld Industry Report L7720, Real Estate Agents in Australia May 2019 (i.e. the annual revenue growth rate of the estate agent industry for the 2019-24 period) [↑](#footnote-ref-82)
82. (2926/9636)\*634,342 = 192,642. [↑](#footnote-ref-83)