



Decision Regulation Impact Statement

Proposal for national licensing of the property occupations



The Council of Australian Governments' National Licensing Steering Committee has prepared this Decision Regulation Impact Statement, with assistance from PricewaterhouseCoopers. Its purpose is to inform a decision by the Standing Council for Federal Financial Relations on the approach to national licensing for the property occupations.

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This is the second stage of a two-stage Regulation Impact Statement (RIS) process which includes a Consultation RIS followed by a final Decision RIS.

The purpose of this Decision RIS is to present the costs and benefits of options associated with national occupational licensing reform to assist the Council of Australian Governments (COAG) in its decision making on reform paths. This Decision RIS incorporates jurisdictional and stakeholder views on reform paths following a consultation process. Consultants were commissioned by the COAG National Licensing Taskforce to prepare the Decision RIS, and it incorporates views that have been brought to the attention of the consultants. Extensive information has also been provided by jurisdictions on the costs and benefits of policy approaches and the detail of the licensing arrangements in each jurisdiction.

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About this Decision Regulation Impact Statement

The purpose of this Decision Regulation Impact Statement (RIS) is to recommend a preferred option for policy to underpin the establishment of a national licensing scheme for the property occupations. This follows stakeholder comment on the Consultation RIS.

This Decision RIS identifies the nature of the problem to be solved and explains the rationale for selecting the model proposed and the elements that comprise the model. It also assesses the costs and benefits of the proposed model.

This Decision RIS follows the guidelines of the Council of Australian Governments (COAG) in the *Best practice regulation guide*. It has been approved for release by the Office of Best Practice Regulation.

PricewaterhouseCoopers was engaged by the COAG National Licensing Steering Committee to assist with the preparation of both the Consultation and the Decision RIS.

Quantified impacts for national licensing

National licensing for property occupations across Australia has the potential to deliver significant ongoing net benefits (see Table S.1). Most benefits of national licensing go to business, workers and consumers. There are one-off costs, including costs to licensees and businesses to become aware of the proposed changes, and costs to government for the establishment of the National Occupational Licensing Authority (NOLA) and the public national licensing register and its supporting database. How these costs will be covered is a matter for individual jurisdictions to determine and may, in some cases, be passed on to licensees via increased fees. This Decision RIS indicates that the benefits of the reform outweigh these costs.

In comparing the total benefits and costs across all stakeholders, it would take less than a year for the benefits of the reform to start exceeding the costs nationally, and the benefits of the reform would continue to be realised after the initial ten years presented in this analysis. Based on an indicative modelling exercise, a range of indicators show that these reforms are worthwhile, as can be seen in Table S.1.

Table S.1: Net impacts of reforms to national licensing for the property occupations by jurisdiction

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Ongoing net impact (\$m per annum)	42.49	5.97	14.29	21.52	8.07	0.58	1.61	2.13	96.66
Community (licensees, business, households)	43.10	6.34	14.79	21.65	8.26	0.60	1.79	2.16	98.70
Government ^a	(0.61)	(0.38)	(0.50)	(0.13)	(0.19)	(0.03)	(0.17)	(0.03)	(2.04)
One-off transition costs (\$m)	(5.05)	(2.93)	(4.56)	(2.63)	(1.26)	(0.72)	(0.64)	(0.66)	(18.46)
Community (licensees, business, households)	(4.02)	(1.57)	(3.27)	(1.47)	(0.50)	(0.04)	(0.13)	(0.14)	(11.14)
Government ^a	(1.04)	(1.35)	(1.29)	(1.16)	(0.75)	(0.68)	(0.51)	(0.53)	(7.33)
Total 10-year NPV (\$m)	271.63	35.98	88.89	137.51	51.25	3.05	9.91	13.22	611.45
– excluding NOLA	275.08	39.08	91.53	139.19	52.46	3.74	10.23	13.65	624.95
Cost–benefit ratio of the total 10-year NPV	30.85	3.81	8.82	38.71	21.19	4.17	5.32	16.35	15.03
Payback period (years)	0.12	0.49	0.32	0.12	0.16	1.25	0.40	0.31	0.19
Rate of return (annualised percentage)	841%	204%	313%	817%	641%	80%	252%	321%	524%

NPV = net present value

^a The analysis does not account for changes in GST, payroll or other taxes. However, if it is reasonable to expect the community benefits to be consumed as expenditure, then there will be a flow through of GST revenue.

Automatic mutual recognition

An alternative to national licensing was also canvassed in the Consultation RIS. Forty-two per cent of submissions expressed support for automatic mutual recognition. However, most of these indicated that they would have supported national licensing if some elements of the proposed model were changed. In response to stakeholder responses, elements of the model proposed in the Consultation RIS have been changed. For example, non-residential property work will be included in national licensing. While automatic mutual recognition may deliver some of the benefits of national licensing over the short term, there are additional benefits of national licensing which are likely to be realised over the longer term. Notwithstanding the cost–benefit analysis, there would also appear to be overall long-term qualitative benefits with national licensing. Consequently, automatic mutual recognition is not recommended for the property occupations.

Executive summary

Purpose of the Decision Regulation Impact Statement

This Decision Regulation Impact Statement (RIS) examines the impact of replacing the current diverse state and territory licensing of the property occupational area with a national licensing system. It also examines an automatic mutual recognition option. It considers the impact that both options would have on industry, consumers and government, and is informed by stakeholder feedback on the options proposed in the Consultation RIS (Consultation RIS). The Decision RIS also acknowledges that the status quo would be the default option.

The Decision RIS builds on previous policy examinations and consultation findings that were supportive of a national licensing system and which were subsequently endorsed by the Council of Australian Governments (COAG) through the signing of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement), passage of the *Occupational Licensing National Law Act 2010* (the National Law), establishment of the National Occupational Licensing Authority (NOLA) and appointment of the board. National licensing is considered as the preferred option in the Decision RIS.

This executive summary provides a snapshot of the key features, rationale, costs and benefits for the following options:

- national licensing (preferred option)
- automatic mutual recognition.

The full overview of national licensing can be found in Chapter 3, which also contains the stakeholder views and the rationale for each element of the proposed model. Chapter 4 contains the impact analysis of national licensing and in some cases automatic mutual recognition, with quantification of impacts where possible. Implementation of the preferred national licensing option is discussed in Chapter 5. A summary of how the proposed arrangements compare to current jurisdictional licences is provided in Attachment A.

The Problem

Property occupations are currently licensed under state and territory legislation and administered by jurisdictional regulators. All jurisdictions have some form of licensing, though the approach to licensing varies widely across jurisdictions. Property agents wishing to work across multiple jurisdictions are required to obtain the relevant licence or licences in each of those jurisdictions through a process of mutual recognition. The state- and territory-based approach to licensing of the property occupations means that there are up to eight different approaches to setting licensing requirements around the country.

The various approaches have led to licences being issued in different jurisdictions for the same occupational area, often with different parameters, eligibility requirements and scopes of regulated work. Different licence classifications, training requirements, licence periods and licence structures commonly apply. These inconsistencies impose costs on those businesses that operate in more than one jurisdiction.

Mutual recognition

The different approaches impose an increased regulatory burden on licensed workers despite the existence of mutual recognition arrangements since 1992. Under mutual recognition arrangements, a licensed person moving from one jurisdiction to another is entitled to a licence authorising the

equivalent scope of work to that authorised by the issuing or home jurisdiction. However they must first apply for recognition of their existing licence and pay a fee. The equivalent licence can have conditions imposed in order to achieve equivalency. It is also sometimes necessary for the second jurisdiction to issue multiple licences to equal the scope of the first. If the licensed worker works across borders, they must renew multiple licences and pay the relevant fees. Mutual recognition does not apply to business licences unless they are held by a natural person (e.g. not a body corporate or similar). These arrangements have a negative impact on labour mobility.

Recent reforms to mutual recognition for the licensed property occupations, while beneficial in some respects, have not:

- Removed the need for licence holders to apply for a new licence when they wish to work in a different state or territory,
- Eliminated the cost to holders of multiple licences. These costs include licence fees and licence renewal, as well as costs associated with keeping up to date with various skills-based and non-skills-based licence requirements. In addition, there are productivity costs to businesses due to processing time and administration,
- Harmonised the eligibility requirements for licences across jurisdictions. For example, similar licences may vary considerably in terms of skill, managerial or experience requirements, qualifications, nominees, state-based competency testing, or the requirement to work under supervision before a full licence can be granted,
- Harmonised licensing frameworks. Many existing licences are not readily comparable or transferable across jurisdictions and a number of endorsements or restrictions may be required to achieve equivalence across jurisdictions,
- Stemmed the ability for jurisdictions to unilaterally change licence categories, scopes of work, qualification or eligibility requirements.

Furthermore, not all licences have an equivalent licence in other jurisdictions, and some occupations (or areas of work within occupations) are not licensed in all jurisdictions. In these cases, individuals may be required to be licensed where they were previously not required to be, or they may need to apply for a new licence because there is no equivalent to the licence that they currently hold. Furthermore, ministerial declarations of equivalency must be updated annually in order to remain current; therefore, maintaining those declarations incurs an administrative cost.

In addition to the burden of red tape on licensees from the very different approaches, governments must retain oversight of their own regulatory regime while maintaining an understanding how other regimes work in order to recognise interstate licences. These multiple approaches are economically inefficient for a nation of fewer than 23 million people.¹

The Productivity Commission supported the development of nationally uniform licensing requirements and national registration systems for occupations that were highly mobile across jurisdictions, where licence requirements between jurisdictions were significantly different and where the benefits would justify the costs.

The current approach, therefore, leads to:

- Costs to property agents and businesses in the form of financial and time costs associated with maintaining a multiple jurisdiction approach to licensing and meeting a range of regulatory requirements

¹ ABS Population Clock 7 February 2013

- Reduced efficiency impacts on households and the economy more broadly where the current regulatory approach creates impediments to mobility of labour and imposes unnecessary regulatory burdens.

Government objectives for reform

COAG has agreed to pursue wide-ranging regulatory reform to create a seamless national economy to enhance Australia's longer-term growth, through reducing costs incurred by business in complying with unnecessary and inconsistent regulation across jurisdictions, to improve workforce participation and overall labour mobility. A key part of achieving this objective is to address the deficiencies in the current approach to licensing in Australia by developing national licensing for certain occupational areas. Under this reform, national licences would be issued by NOLA through delegated agencies in the states and territories and would allow licensees to operate in all Australian jurisdictions without having to apply for another licence or pay an additional fee.

The national licensing system will involve certain occupational and associated business licensing in the following initial occupational areas and is to be introduced in two waves:

- *first wave*: electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning
- *second wave*: building and building-related occupations, valuers and conveyancers.

COAG has agreed that, under national licensing, the first wave of licenses will be settled by 2013, with the second wave occupations to follow. National licensing would have the capacity to extend to other licensed occupations over time and provide a platform on which further harmonisation of state-based licensing arrangements, such as conduct requirements, could be considered.

The move to a national licensing system was initially agreed by COAG in the Intergovernmental Agreement signed in April 2009. Since then, arrangements for the National Law have been implemented in most jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory) to establish the national licensing system.

Western Australia will consider its position on the passage of the Bill as a part of implementing national licensing arrangements. The Australian Capital Territory has reserved its right not to implement national licensing if the costs to the Territory outweigh the benefits.

A copy of the National Law can be found on the [national licensing website \(www.nola.gov.au\)](http://www.nola.gov.au).

The principles on which the work has been undertaken are based on COAG's Principles of Best Practice Regulation² and incorporated in the Intergovernmental Agreement. These state that licensing arrangements should be effective and proportional to that required for consumer protection and worker and public health and safety, while ensuring economic efficiency and equity of access.

Property occupations are important to the economy

The property industry in Australia includes a large number of property occupations, such as real estate agents, business agents, strata managers, property managers and auctioneers.³ In 2012–13, the industry is expected to generate revenue of \$8.9 billion, the majority of which is derived from

² Council of Australian Governments 2007, [Best practice regulation – A guide for ministerial councils and national standard setting bodies](#).

³ The industry also includes conveyancers and valuers, which will be covered in the second wave of national licensing occupations.

residential sales (56.4 per cent), with revenue from residential property management and non-residential property sales being the next largest contributors.⁴

Based on information provided by jurisdictional regulators, there are over 118,000 property licensees across Australia, as shown in Table ES.1. Approximately 80 per cent of licences are issued in New South Wales, Victoria and Queensland.

Further information on the property industry is available in Attachment B.

Table ES.1: Number of existing licensees per jurisdiction and nationally, as of March 2012

Number of property licensees	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Total existing licensees	40,422	18,446 ⁵	38,342	13,303	5,114	357	1,573	1,084	118,641
Percentage of national	34%	16%	32%	11%	4%	0.3%	1%	1%	100%

Note: These figures do not reflect the total workforce of the property occupations' for some jurisdictions where some property occupations are not licensed (see Attachment D for an overview of current licensed categories).

Options considered

The options considered for the licensing of property occupations were as follows:

Option 1: National licensing

Under this option:

- There would be a single policy approach to licence categories, scopes of regulated work and the eligibility requirements to obtain a licence. This would allow a person to work anywhere in Australia where the relevant work is licensed without having to reapply for a licence or pay any additional fee.
- A national licensing register would be established.

Option 2: Automatic mutual recognition

Under this option:

- Each jurisdiction would continue to issue licences against existing jurisdictional categories and associated scopes of work but with these licences being recognised by all states and territories without the licensee having to reapply for a licence or pay an additional fee. Recognition would be restricted to those licences where equivalency has been declared.
- Mutual recognition arrangements would be enhanced so that licensees would no longer have to apply for a licence in multiple jurisdictions. Licences would be recognised by every other state and territory without the licensee having to reapply for a licence or pay an additional fee.
- There would be opportunity over time to move towards a 'harmonised set of categories' or for jurisdictions to deregulate areas identified as unnecessary.

⁴ IBISWorld 2012, Industry Report L7720: Real estate agents in Australia, October 2012.

⁵ Includes agent's representatives in Victoria

Option 3: Status quo – Under this option:

- There would be no changes to existing licensing and mutual recognition arrangements. This option has not been costed. The options above are costed relative to the status quo, not the cost of operating the reforms.

National licensing – preferred option

National licensing is the preferred option put forward in the Decision RIS. It represents the highest net benefit to the community, taking all impacts into account, when compared to the other options considered.

Overview of the three options

National licensing option

National licensing would achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and to understand the scope of the licences prospective employees may hold. While the majority of real estate establishments (approximately 81.9 per cent) are located in New South Wales, Victoria and Queensland, there has been significant growth in demand for both residential and non-residential real estate in Western Australia.⁶

Under national licensing, licence requirements would be consistent in all jurisdictions and uniform licence categories would be issued. A national policy framework would apply overseen by NOLA, which would help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remained sustainable and that there was a forum in which to resolve jurisdictional differences. For example, national licensing involves jurisdictional agreement to a common set of licence categories and eligibility requirements so that there is one system and an agreed set of requirements operating throughout the country.

In the residential market, operators mostly comprise localised firms with a smaller number of national franchises that mainly operate in the non-residential and rural markets. While a benefit of national licensing would be greatest for national franchises working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and be able to understand the scope of the licences prospective employees may hold.

Box ES.I below lists the key features of national licensing for the property occupations.

⁶ IBISWorld 2012, *Industry Report L7720: Real estate agents in Australia*, October 2012

Box ES.1 Key features of national licensing for the property occupations

- A licensee would be able to work anywhere in Australia without having to reapply or pay for a licence when they move to another jurisdiction within Australia.
- A centralised licensing body, the National Occupational Licensing Authority (NOLA), would be responsible for developing (with Ministerial Council approval) national licence policy for each occupational area and would oversee its consistent application by jurisdictional regulators. National licence policy includes:
 - the licence categories that should apply
 - the regulated work that can be undertaken by the holder of a licence category
 - who can apply for a licence, e.g. individual or body corporate
 - skilled and non-skilled eligibility requirements, e.g. qualifications, personal and financial probity
 - other licence characteristics, e.g. exemptions or exclusions.
- Jurisdictional regulators would administer the system as delegates of NOLA under the National Law.
- A jurisdiction would not be required to introduce licensing where it does not already do so. However, if licensing is introduced in the future, a national licence would be issued.
- Current state and territory licensees will be deemed across to the new system at its commencement on the basis of ‘no disadvantage’, in terms of the scope of work a licensee would be able to perform.
- Licence applicants will be able to choose between one year, three year and five year licence periods.
- Licence fees would continue to be set by jurisdictions and paid only to the licensee’s primary jurisdiction.
- A licensee’s primary jurisdiction would be determined by the principal place of residence for individual licence holders and for bodies corporate and partnership it will be determined by their principal place of business.
- Current requirements for annual mandatory continuing professional development would be removed in the jurisdictions where this applies. Skills maintenance would be prescribed on an as needs basis.
- There would be no requirement for retesting at licence renewal time. If the licence is not renewed within three months of its expiry a new licence application would be required and the current qualification requirements met (former national licensees can present a lapsed licence of the same category held within the three years prior to application).
- There would be standard qualification and eligibility requirements across all jurisdictions and there would be no additional experience requirements for obtaining a licence.
- A range of unnecessary licence conditions would be removed.
- Personal and financial probity requirements would be made consistent

Licensees choosing to work in an additional jurisdiction would still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to work they intend to perform.

Overview of the preferred model

Under national licensing, a set of nationally uniform licence categories for the property occupations has been developed. Table ES.2 below gives an overview of the preferred model and proposed licence categories, associated regulated work and the eligibility requirements. Chapter 3 contains the full description of the proposed licensing model for the property occupations, which includes the qualification and non-skills based eligibility requirements, personal and financial probity requirements and classes of persons exempt from licensing.

Table ES.2: Overview of the preferred model

Category	Regulated work	Qualification level	Probity
Real estate agent	<p>Real estate agency work means selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property on behalf of another person, for fee, gain or other reward.</p> <p>However, the following work is not real estate agency work :</p> <ul style="list-style-type: none"> • Strata-managing agency work; or • selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property that: <ul style="list-style-type: none"> ○ is not rural land; and ○ is used or intended to be used, wholly for purposes other than residential property; and ○ has an estimated contract price of at least a prescribed amount or has an area greater than a prescribed area. <p>Estimated contract price, for selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property, means the true estimate, made on reasonable grounds by the person carrying out the work, of the price payable for the real property transaction.</p> <p>Rural land means land used or apparently intended to be used, for</p>	<p>Certificate IV</p> <p>Or</p> <p>A business agent's licence plus a statement of attainment comprising the eight identified units of competency</p>	<p>Personal: Criminal history relating to dishonesty; misleading and deceptive conduct; offences against the person; drug trafficking; and</p> <ul style="list-style-type: none"> • Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11⁷ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred; and • Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following: <ul style="list-style-type: none"> ○ failure to exercise powers with care and diligence ○ failure to exercise powers in good faith and for a proper purpose ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when given a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade while insolvent. <p>Financial: The NOLA must have regard to the following history of an applicant or a licensee:</p> <ul style="list-style-type: none"> • whether the person is bankrupt or insolvent, compounds with creditors, enter into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt

⁷ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, S.9 Offences for carrying out certain work; S10 Offence for person to carry out regulated work unless licensed or exempt; S11 Offence to engage person to carry out regulated work unless licensed or exempt*

Category	Regulated work	Qualification level	Probity
	gain or profit, for grazing livestock or cultivating crops.		<p>or insolvent debtors</p> <ul style="list-style-type: none"> • whether the person has within the last five years been a relevant person for another person who, during that five-year period, was bankrupt, insolvent, compounded with creditors or entered into a compromise or scheme of arrangement with creditors or otherwise applied to take the benefit of any law for the relief of bankrupt or insolvent debtors • whether the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law or a prescribed law. <p>For a body corporate or a member of a partnership:</p> <ul style="list-style-type: none"> • whether a relevant person for the body corporate or a partnership is bankrupt, insolvent, compounds with creditors or otherwise applies to take benefit of any law for the relief of bankruptcy or insolvent debtors.
Business agent	Business agency work means the sale, purchase or lease of a business on behalf of another person, for fee, gain or other reward.	<p>Certificate IV</p> <p>Or</p> <p>A real estate agent's licence plus a statement of attainment comprising the two identified units of competency</p>	<p>Personal: Criminal history relating to dishonesty; misleading and deceptive conduct; offences against the person; drug trafficking; and</p> <ul style="list-style-type: none"> • Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11⁸ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred and • Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following: <ul style="list-style-type: none"> ○ failure to exercise powers with care and diligence ○ failure to exercise powers in good faith and for a proper purpose ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when given a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act

⁸ Ibid

Category	Regulated work	Qualification level	Probity
			<ul style="list-style-type: none"> ○ breach of the duty not to trade while insolvent. <p>Financial: The NOLA must have regard to the following history of an applicant or a licensee:</p> <ul style="list-style-type: none"> • whether the person is bankrupt or insolvent, compounds with creditors, enter into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt or insolvent debtors • whether the person has within the last five years been a relevant person for another person who, during that five-year period, was bankrupt, insolvent, compounded with creditors or entered into a compromise or scheme of arrangement with creditors or otherwise applied to take the benefit of any law for the relief of bankrupt or insolvent debtors • whether the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law or a prescribed law. <p>For a body corporate or a member of a partnership:</p> <ul style="list-style-type: none"> • whether a relevant person for the body corporate or a partnership is bankrupt, insolvent, compounds with creditors or otherwise applies to take benefit of any law for the relief of bankruptcy or insolvent debtors.
<p>Strata-managing agent</p>	<p>Strata-managing agency work means managing, for a fee, gain or other reward, any function of an owners' corporation on behalf of an owners' corporation under a strata or community title scheme.</p>	<p>Certificate IV</p>	<p>Personal: Criminal history relating to dishonesty; misleading and deceptive conduct; offences against the person; drug trafficking; and</p> <ul style="list-style-type: none"> • Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11⁹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred and ○ Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following: <ul style="list-style-type: none"> ○ failure to exercise powers with care and diligence ○ failure to exercise powers in good faith and for a proper purpose ○ misuse of position to gain advantage or cause detriment to a company

⁹ Ibid

Category	Regulated work	Qualification level	Probity
			<ul style="list-style-type: none"> ○ misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when given a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade while insolvent. <p>Financial: The NOLA must have regard to the following history of an applicant or a licensee:</p> <ul style="list-style-type: none"> ● whether the person is bankrupt or insolvent, compounds with creditors, enter into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt or insolvent debtors ● whether the person has within the last five years been a relevant person for another person who, during that five-year period, was bankrupt, insolvent, compounded with creditors or entered into a compromise or scheme of arrangement with creditors or otherwise applied to take the benefit of any law for the relief of bankrupt or insolvent debtors ● whether the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law or a prescribed law. <p>For a body corporate or a member of a partnership:</p> <ul style="list-style-type: none"> ● whether a relevant person for the body corporate or a partnership is bankrupt, insolvent, compounds with creditors or otherwise applies to take benefit of any law for the relief of bankruptcy or insolvent debtors.
<p>Agent’s representative</p>	<p>Agent’s representative work means real estate agency work or business agency work carried out as an employee of, or otherwise for or by arrangement with , a person who holds a real estate agent’s licence or business agent’s licence; and</p> <p>Under the supervision of the person who holds the real estate agent’s licence or business agent’s licence.</p>	<p>Statement of attainment comprising four identified units of competency</p>	<p>Personal: Criminal history relating to dishonesty; misleading and deceptive conduct; offences against the person; drug trafficking.</p> <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11¹⁰ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>Financial: Failure to pay a fine under the National Law.</p>

¹⁰ Ibid

Category	Regulated work	Qualification level	Probity
Real estate auctioneer	Real estate auctioneering work means the auctioning of real property on behalf of another person, for fee, gain or other reward.	Statement of attainment comprising three identified units of competency	<p>Personal: Criminal history relating to dishonesty; misleading and deceptive conduct; offences against the person; drug trafficking.</p> <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11¹¹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>Financial: Failure to pay a fine under the National Law.</p>

Table ES.3 illustrates where national licensing will occur across Australia. It should be noted that, in accordance with clause 4.2(f) of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement), a jurisdiction will not be required to adopt a national licence category where it does not regulate the area of work at the time national licensing commences. These instances are indicated by the blank cells in the table.

Table ES.3: Proposed national licensing categories across jurisdictions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Real estate agent	y	y	y	y	y	y	y	y
Business agent	y	y	y	y	y	y	y	y
Strata managing agent	y	*					y**	y
Agent's representative	y	y	y	y	y	***	y	y
Real estate auctioneer	y	y	y	y	y	y	y	y

* The registration of owners' corporation manager will remain a state-based licence in Victoria and will not be included in national licensing. However, for fullness of information for decision makers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria.

** The Australian Capital Territory is still to determine its position on whether a national licence will be issued for strata managers.

*** Tasmania has indicated that it may adopt the national licensing agent's representative registration.

A comparative mapping of national licensing categories and arrangements against each of the current jurisdictional categories and arrangements is provided in Attachment A.

Costs and benefits of national licensing

The costs and benefits of national licensing shown in the tables below are assessed across the following four distinct categories:

- *Transition (or implementation) costs.* These are the costs that will be incurred by government (mainly relating to the proportional cost to the property occupations in terms of establishing NOLA and the national register) and the cost to property licensees to spend time reviewing and understanding what the proposed changes mean for them.
- *Direct costs and benefits.* These are the costs and benefits that can be identified as directly accruing to an individual, business or government as a result of the

¹¹ Ibid

implementation of the options being assessed. This does not include any costs that are already incurred as part of licensing arrangements under the status quo.

- *Wider economic impacts.* These are the impacts that flow from reduced costs to industry and the community more broadly as well as the implications for the economy due to greater ease with which labour can move and the potential gains in terms of economic growth, employment and consumer outcomes.
- *Impact on consumer outcomes.* This impact refers to a potential change in the quality or quantity of services provided to consumers as a result of changes in regulation proposed in national licensing. This may include changes in consumer protection outcomes, or changes in the availability of services for consumers.

Not all of these impacts can be easily quantified, for example, the improvements and gains expected to flow from the establishment of a national register for property occupations. In relation to the impacts that have been quantified, it is important to acknowledge that some estimates are based on scenarios or assumptions – for example, the estimate of the benefit to the economy as a whole flowing from greater labour mobility.

In estimating the costs and benefits of national licensing, it is important that impacts are matched to the specific costs and benefits. For example, under all of the options for national licensing, NOLA would be the central coordinator of future policy consideration and have responsibility for the maintenance of a national licensing register. The benefits of these activities will flow from future reforms, the durability of reform and the prospects for future reform, and not just those set out in this Decision RIS.

It is, however, a challenge to quantify the value of potential and yet-to-be-defined future reforms along with the benefits to consumers or regulators associated with aggregated national licensing data. The costs of establishing NOLA are nonetheless relevant to the proposed changes to licensing and have been included for that reason. In some instances, where net present value estimates are made, these costs have been netted against the benefits of labour mobility and reduced compliance and administrative burden, in coming to an overall Net Present Value for the proposal. To the extent that states and territories have the scope to consolidate regulatory functions, they can decrease costs and potential regulatory charges.

The impetus for reform is a desire to enhance labour mobility and remove unnecessary regulatory burdens on property licensees. Both national licensing and automatic mutual recognition recognise that there will be benefits associated with:

- an enhanced ability to promote labour flows to locations where property occupations are most needed
- reduced administrative and financial costs in the form of duplicate fees for those that operate in multiple jurisdictions
- the potential for improved productivity where some licence restrictions are removed.

Table ES.4 sets out the impacts associated with national licensing as well as an estimate of the potential flow-through benefits associated with increased labour mobility¹² and returns to business

¹² The analysis prorates for the property sector the estimates associated with labour mobility prepared by the Productivity Commission as part of its 2009 *Review of mutual recognition schemes*. For this estimate to be valid, the specific assumptions made by the Productivity Commission would need to hold – namely that Australia is facing a 10 per cent increase in commodity prices above normal conditions – and that these assumptions are also combined with an assumption for this analysis that mutual recognition is only 90 per cent effective in promoting labour mobility (as outlined on page 8). For further information on these assumptions and estimates, see Chapter 4.

from national licensing.¹³ These impacts are presented in a number of different ways to allow readers to consider the difference between establishment and ongoing impacts along with the jurisdictional impacts. A payback period is also included to highlight the length of time that will be needed for the benefits to offset the transition costs. This payback period is quite short, while the benefits are expected to be ongoing. A ten-year net present value is presented; however, the reform's effects could theoretically be considered over a longer time period, which would result in a larger net benefit (as the benefits are expected to continue beyond the ten-year time period provided for in this analysis).

Table ES.4: Summary of the jurisdictional net impacts of national licensing for the property occupations

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Ongoing net impact (\$m per annum)	42.49	5.97	14.29	21.52	8.07	0.58	1.61	2.13	96.66
Community (licensees, business, households)	43.10	6.34	14.79	21.65	8.26	0.60	1.79	2.16	98.70
Government ^a	(0.61)	(0.38)	(0.50)	(0.13)	(0.19)	(0.03)	(0.17)	(0.03)	(2.04)
One-off transition costs (\$m)	(5.05)	(2.93)	(4.56)	(2.63)	(1.26)	(0.72)	(0.64)	(0.66)	(18.46)
Community (licensees, business, households)	(4.02)	(1.57)	(3.27)	(1.47)	(0.50)	(0.04)	(0.13)	(0.14)	(11.14)
Government ^a	(1.04)	(1.35)	(1.29)	(1.16)	(0.75)	(0.68)	(0.51)	(0.53)	(7.33)
Total 10-year NPV (\$m)	271.63	35.98	88.89	137.51	51.25	3.05	9.91	13.22	611.45
– excluding NOLA	275.08	39.08	91.53	139.19	52.46	3.74	10.23	13.65	624.95
Cost–benefit ratio of the total 10-year NPV	30.85	3.81	8.82	38.71	21.19	4.17	5.32	16.35	15.03
Payback period (years)	0.12	0.49	0.32	0.12	0.16	1.25	0.40	0.31	0.19
Rate of return (annualised percentage)	841%	204%	313%	817%	641%	80%	252%	321%	524%

NPV = net present value; NOLA = National Occupational Licensing Authority

^a The analysis does not account for changes in GST, payroll or other taxes. As some of the community benefits will be consumed as expenditure or enjoyed as higher wages, there will be an increase in GST and payroll revenues.

Tables ES.5 and ES.6 provide a further breakdown of the aggregates above in order to clarify the specific impacts associated with the respective changes being considered. The tables highlight the differences across jurisdictions. Some regions will benefit more than others.

¹³ Most of the benefits are estimated for licensees, such as less time spent filling out forms. However, business also benefits. For the purposes of this analysis, the business benefit is assumed to be equal to one-third of the impacts for licensees.

Table ES.5: Ongoing net impacts of national licensing for the property occupations, per year (\$ million)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total ongoing	42.49	5.97	14.29	21.52	8.07	0.58	1.61	2.13	96.66
<i>Direct impacts on licensees</i>									
Removing requirement for continuous professional development	25.57	-	-	10.28	-	0.27	0.87	-	36.99
Real estate agents – qualification changes	-	-	(0.43)	0.96	0.84	0.09	(0.04)	0.15	1.56
Licensees undertaking both real estate and business agency work – qualification changes ¹⁴	-	(0.02)	(0.04)	-	(0.01)	(0.001)	-	-	(0.06)
Agent representatives – qualification changes	-	(0.85)	4.32	3.01	4.59	-	0.06	1.15	12.27
Strata managers – qualification changes	-	-	-	-	-	-	(0.03)	0.003	(0.03)
Real estate auctioneers – qualification changes	0.19	0.09	0.02	(0.03)	0.07	0.005	0.01	(0.003)	0.35
Consistent licence period (1, 3 or 5 years)	3.02	2.41	1.645	0.48	0.06	(0.01)	0.25	0.14	8.00
Agent representatives in Vic – increasing frequency of processing	-	(0.01)	-	-	-	-	-	-	(0.01)
Removing the need to hold multiple licences	0.74	0.39	0.49	0.21	0.15	0.07	0.12	0.11	2.27
<i>Government impacts</i>									
Removing the need to hold multiple licences – government	(0.25)	(0.10)	(0.27)	(0.01)	(0.10)	(0.001)	(0.17)	(0.02)	(0.92)
NOLA – operational	(0.37)	(0.28)	(0.23)	(0.12)	(0.09)	(0.03)	-	(0.01)	(1.12)
Labour mobility ¹⁵	7.83	3.57	7.42	2.58	0.99	0.07	0.30	0.21	22.97
<i>Broader impacts</i>									
Business value-add	5.74	0.31	1.34	3.96	1.56	0.09	0.21	0.41	13.61
Other ongoing benefits ^a	0.01	0.46	0.01	0.21	0.001	0.02	0.05	0.0019	0.76

NOLA = National Occupational Licensing Authority

¹⁴ This assumes that licensees would become real estate agents and then qualify to also hold a business agent's licence.

¹⁵ The benefit from improved labour mobility is difficult to quantify. To provide an indication of the potential benefit, this RIS draws on the work undertaken in this area by the Productivity Commission. While their analysis is not specific to the impacts of national licensing, it does provide one possible scenario to indicate the potential impacts from an increase in the mobility of labour. Given that the benefits from labour mobility under national licensing are expected to be positive, the Productivity Commission's work has been used as a proxy for the impact under national licensing to demonstrate the potential benefit that may result.

^a Other ongoing benefits include the following impacts: ‘removing experience requirements’, ‘removing advertising requirements’ and ‘reducing personal probity requirements’.

Table ES.6: One-off transition costs for national licensing for the property occupations

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total transition	(5.05)	(2.93)	(4.56)	(2.63)	(1.26)	(0.72)	(0.64)	(0.66)	(18.46)
<i>Direct impacts on licensees</i>									
Time for licensees to understand reforms	(3.01)	(1.18)	(2.45)	(1.10)	(0.38)	(0.03)	(0.09)	(0.10)	(8.35)
<i>Government impacts</i>									
NOLA – set-up costs	(0.43)	(0.33)	(0.27)	(0.14)	(0.10)	(0.03)	-	(0.01)	(1.31)
National licensing register – jurisdictional implementation	(0.28)	(0.70)	(0.70)	(0.70)	(0.49)	(0.49)	(0.35)	(0.35)	(4.06)
Government communications	(0.33)	(0.33)	(0.33)	(0.33)	(0.16)	(0.16)	(0.16)	(0.16)	(1.95)
<i>Broader impacts</i>									
Business value-add	(1.00)	(0.39)	(0.82)	(0.37)	(0.13)	(0.010)	(0.03)	(0.03)	(2.78)

NOLA = National Occupational Licensing Authority

In addition to the quantified impacts outlined in these tables, there are other impacts that have not been quantified as part of this analysis. These are expected to be minor and a qualitative analysis of these can be found in Chapter 4.

To better contextualise the impacts set out in Tables ES.5 and ES.6, the following section gives a high-level overview of the impacts for specific sectors and affected licence holders.

Impacts on licensees

The reforms will have the following impacts on current and future licensees:

- The most significant potential benefit of the options considered relates to the removal of the requirement for annual mandatory training courses as a licensing requirement: licensees would no longer need to allocate time to and pay the fees associated with annual mandatory training courses in the jurisdictions that currently have this requirement. See Section 3.11.6 for further information.
- In the jurisdictions where real estate agency work and business agency work is currently combined under a real estate agent’s licence there will be an additional qualification requirement, albeit a statement of attainment, for those wishing to operate in both areas of work under the proposed separate licence. Conversely, the separate approach allows for a reduced entry to operate as both a real estate agent and a business agent in jurisdictions where these are licensed separately See Section 3.11.5 for further information.
- There will be several changes to qualification requirements across different licence categories. In jurisdictions where the competencies required would decrease, new licensees would benefit from reduced time and fees associated with training courses. Conversely, in jurisdictions where the competencies required would increase, increased costs would be incurred of new licensees. As shown by brackets in Table ES.5, costs would be incurred for real estate agents in Queensland and the Australian Capital Territory, agent’s representatives in Victoria, strata managers in the

Australian Capital Territory¹⁶ and auctioneers in Western Australia and the Northern Territory. There would also be a small cost for real estate agents who wish to undertake business agency work in Victoria, Queensland, South Australia and Tasmania. These costs will be required by new applicants and have no impact on current licensees. See Section 3.11.5 for further information.

- In relation to moving to a consistent approach where licensees have a choice of licence periods of one, three or five years, all jurisdictions except Tasmania would benefit. Tasmania currently has a perpetual licence, meaning any defined licence period will lead to a cost to licensees in that jurisdiction. See Section 3.11.8 for further information.
- There will be transitional costs for licensees which relate to the extra time licensees will need to dedicate to understanding the proposed changes. These costs are proportional to the number of licensees in any one jurisdiction. For example, while Victoria is the second largest jurisdiction in terms of population, the number of property licensees in Victoria is about half that of Queensland. The transition costs are reflected in Table ES.6 above. See Section 4.1 for further information.

It should be noted that for current licence holders the introduction will have limited impact as existing licensees will be transitioned to the new arrangements on a no disadvantage basis. This is discussed in Chapter 7.

Impacts on business and consumers

Those who employ or use property services will benefit from enhanced efficiency and the potential for a more efficient flow of labour. Businesses, individuals and consumers will benefit from national consistency in licence categories and scopes of work. Enhanced labour mobility leads to better allocation of resources – in this case, property licensees. Consumers will benefit from the establishment of a national register of licence holders. The impact of improved labour mobility will be positive for all businesses but the scale will vary across small businesses, and single and multi-state businesses.

Attachment F of this Decision RIS provides a detailed analysis of the risks associated with property work. In a property transaction, the consumer faces such risks as not finding a buyer or tenant, failure to maximise the value of the property and loss of deposit or rental income. The engagement of an agent can assist in managing some of those risks but can also generate further risks. Such risks include incompetence, unethical or dishonest behaviour, poor quality of service, misrepresentation and business failure.

Approximately 611 monetary claims are made by consumers against property agents nationally each year, averaging \$4.8 million per year.¹⁷

The key consideration for this analysis is whether any of the proposed changes in licensing arrangements would alter consumer protection outcomes. An assessment of the potential risks associated with property work, and the proposed changes in the licensing arrangements, considers risks linked to consumer protection and the proposals are appropriately managed. Several changes are administrative in nature and do not alter the coverage of licensing across the industry.

How much this benefits licensees, business, consumers and the economy more broadly will depend on the extent to which the wages and the cost of property services are unnecessarily high (or low) in

¹⁶ The ACT government has yet to make a decision on whether a national licence for strata managers will be issued in that jurisdiction.

¹⁷ Based on the total moneys claimed, 2004–05 to 2008–09.

one jurisdiction due specifically to the limitations of mutual recognition and the current licensing systems in each state or territory.

There may be a range of factors that could lead to such a distortion, including population or demographic shifts.

There is also an equally important benefit for business flowing from the changes. This benefit relates to the expectation that if reforms lead to more efficient property services – as would be expected if unnecessary licensing burdens are removed – business too will benefit from the value-add generated by a more efficient labour force. Likewise, consumers will benefit from more efficient property services.

Impacts on government

There are a number of expected impacts on government and regulators associated with the potential reforms.

Firstly the jurisdictions are contributing their proportional share for the establishment and ongoing costs of NOLA and the national licensing register. The jurisdictions have also identified additional costs that will be incurred on an ongoing basis, such as to ensure that current IT systems can feed into the database that supports the national licensing register. Further offsetting savings could occur at the jurisdictional level, in the area of future policy development, which could be centralised through NOLA, although the extent to which these gains are realised will depend on a range of factors.

Secondly, where the removal of various licensing requirements, licence categories, or licences occurs there is likely to be fewer different regulatory activities undertaken by most regulators. At the same time, the reduction in licence fees – due to people no longer holding multiple licences – will mean that less money is available for regulators should they operate on a full cost recovery basis. Current fees recover costs for both processing and other activities such as compliance.

While the modelling does not quantify the potential benefits associated with the national licensing register and its supporting database, there are potential positives that will flow from its use. In particular, the register is expected to:

- Facilitate identification of any serious non-compliance by licensees nationally – rather than on a state-by-state basis as currently occurs, easing cost pressures.
- Help to prevent companies re-emerging across borders following a failure in compliance.
- Enable consumers to immediately confirm that any licensee they propose to engage is legitimately licensed, boosting public confidence in the industry and regulatory system.

Additional wider economic impacts

The analysis above focuses on estimating direct consequences assuming that other things remain unchanged. An economy-wide modelling exercise has also been undertaken to check that these broad benefits still apply even when accounting for the resulting changes in other industries and macroeconomic conditions (e.g. exchange rates, wages, balance of payments and so on). In particular, the results of the cost–benefit analysis that are set out above were used as an input into the Monash Multi-regional Forecasting model¹⁸. The key inputs are efficiency gains to licensees, fee

¹⁸ Monash Multi-regional Forecasting model is a multi-sector CGE model of the Australian economy that encompasses all states and territories. It was developed by the Centre of Policy Studies at Monash University

reductions to licensees and flow-through value-add to businesses.¹⁹ This economy-wide modelling demonstrates the potential flow-on effects of the direct impacts estimated in the cost-benefit analysis. The results represent a supplementary source of information for decision-makers, but are not an input back into the central cost–benefit analysis used to assess the regulatory options.

Based on the above inputs, national licensing for property occupations is expected (in the long run) to increase:

- annual GDP by approximately \$83 million
- annual investment in Australia by \$34 million
- Australia’s capital stock by \$23 million
- Australia’s international competitiveness due to lower production costs
- net exports
- national real wages by 0.0029 per cent, resulting in an \$16.5 million increase in the amount workers receive each year
- consumption by \$35 million in a typical year.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted.

Impact on fees

Licence fees will continue to be set in jurisdictional legislation and will therefore continue to differ across jurisdictions. It is proposed that licensees will pay their licence fee and renewals in their primary jurisdiction. A licensee’s primary jurisdiction would be determined by the principal place of residence for individual licence holders and for bodies corporate it will be determined by their principal place of business.

The concept of setting a uniform national fee for each national licence was explored. The introduction of uniform fees would alter existing fees in many jurisdictions and, depending on the approach taken to national fee-setting, may affect the ability of some jurisdictions to continue funding existing activities (without potentially introducing new or increasing state-based fees, charges or penalties).

Jurisdictions collectively received facilitation payments of \$100 million in 2008-09, from the Commonwealth, to progress the 27 deregulation priority reforms for a seamless national economy, including national licensing. It is likely that some of these payments will address the costs of implementing national licensing in jurisdictions, thus minimising passed-on costs to business and individuals. There are also ongoing costs to maintain NOLA and the national licensing register. How these costs will be covered is a matter for individual jurisdictions to determine and they may, in some cases, be passed on to licensees through increased fees. This Decision RIS indicates that the benefits of the reform outweigh these costs.

¹⁹ The results of the economy wide modelling reflect the magnitude of the impacts estimated in the cost benefit analysis. Those impacts are assumption driven and as such the value of the economy wide modelling is in terms of how it shows the relative implications for sectors of the economy.

Licence periods

The National Law provides that a licence may be granted for a period of up to five years. Following consultation with jurisdictions, it is proposed that all licence applicants will be able to choose between one, three or five year licence periods.

The periods for which a licence is offered can impact on costs, as longer licence periods require fewer applications and therefore less regulatory effort than shorter ones. However, to introduce a longer licence period of over five years can come with risks to consumers that include renewal probity checks not occurring within reasonable timeframes and the licence register containing out-dated licensee data.

While the most benefit could be obtained, theoretically, by increasing the licence term to an even longer period, or by making a licence permanently valid, in practice a regular renewal period has a number of benefits, although they are not easily quantifiable. These include ensuring the contact details for each licensee are kept up to date, which is essential for compliance practices, providing the regulator with the opportunity to remove records for those no longer holding a licence to carry out regulated work, so that the number of licensees can be monitored and allowing for periodic checks on the currency of requirements such as personal and/or financial probity. It provides a set point at which licensees can be provided with information on changed requirements or standards, which may necessitate educational activity and it provides a revenue stream to reimburse regulator activity.

Although a 10 year licence period and a perpetual licence have benefits of \$10.34 million and \$12.68 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a more regular renewal period mean that, on balance, 5 years is the preferred longer licence period. The net quantifiable benefit of the 5 year period is \$8.00 million (annualised ongoing impact).

Currently, licence periods across jurisdictions range from one year to perpetual, as shown in Table ES.7. Licensees in states and territories with a set licence period of one year would gain a direct benefit from being able to choose to obtain a licence for three or five years under national licensing. Similarly, licensees in states and territories with a set licence period of three years would gain a direct benefit from being able to choose to obtain a licence for five years under national licensing.

Table ES.7: Current licence period in each jurisdiction

Jurisdiction	Agents (real estate, business and strata managing)	Agent's representative	Auctioneer
NSW	1	1	1
Vic	1*	(see note)**	Not a separate category/endorsement
Qld	1 or 3	1 or 3	1 or 3
WA	3	3	1
SA	1	1	1
Tas	Perpetual licence (i.e. no renewal required)	n/a	Perpetual licence (i.e. no renewal required)
ACT	1	1	1
NT	1	1	1

* Estate agents and owners' corporations in Victoria are subject to a perpetual licence with an annual statement.

** Licence periods are not applicable for agent's representatives in Victoria because they are subject to an employer registration scheme rather than being licensed by the regulator.

Chapter 3 provides a discussion on the proposed one, three and five year licence periods. Chapter 4 compares the impacts of a three year, ten year and perpetual licence period to illustrate the potential impacts of alternative licence periods. The proposed licence periods would apply to the full range of occupations captured under national licensing, not just the property occupations.

It is acknowledged that licensees in states and territories with a three year licence period would incur a cost if all licensees chose to renew their licence every year. Similarly, regulators would spend more time in processing these licence applications more often.

There will be an agreed transitional period yet to be determined, during which licensees can use either a jurisdictional or national licence number. During that time, licensees can use either a jurisdictional or national licence number. Existing licensees will be able to work in all jurisdictions as they will be deemed to have a national licence. Licensees will not be required to obtain a national licence card or documentation prior to the expiry of their current licence.

Responsibilities of the national authority and jurisdictional regulators

Under the national licensing option, NOLA would have two key roles. One is to be the central coordinator of future policy consideration and reforms (beyond licence harmonisation), including overseeing the consistent application of policy by jurisdictional regulators (as delegates of NOLA for licensing functions); pursuing ongoing reform of licences, including to decrease regulatory burden, as technology and industry practices change over time; reviewing occupational licensing policy over time; and overseeing the introduction of additional occupations. The second role is to maintain the national public licensing register and its supporting database. The key benefits associated with NOLA are not directly associated with licensing functions per se (see Figure ES.1), but rather flow over the long term from the enhanced regulatory oversight of the sector and nationally coordinated and streamlined policy development. This is unlike automatic mutual recognition which, if successfully implemented, would still carry a high risk of unravelling over time.

Specifically, NOLA would have responsibility for implementing the national licensing legislation but, as stipulated in the intergovernmental agreement between the states and territories, would delegate to the jurisdictional licensing agencies the operation of licensing services, e.g. processing applications and carrying out enforcement and compliance activities. States and territories could use existing staff and infrastructure for these licensing functions but would incur additional IT costs to interface their licensing systems and data with those of NOLA. Service agreements between NOLA and the jurisdictional licensing agencies would be used to establish consistent service delivery standards across Australia.

Figure ES.1: Responsibilities of the licensing authority and the delegated jurisdictional regulators



Consultation process and outcomes

A Consultation RIS outlining policy proposals for the establishment of a national licensing system for the property occupations was released on 13 August 2012 and published on the www.nola.gov.au website. Approximately 2,000 stakeholders across all national licensing occupations who had previously indicated interest in the reform were directly notified of the release of the RIS.

Public information sessions concerning the RIS were held in every state and territory between 31 August and 25 September 2012. These sessions were promoted through emails to those registered to receive information on the reforms, were advertised in key major metropolitan newspapers and were promoted through the NOLA website. A total of 387 people attended the information sessions. Draft legislation for the reforms was also made publicly available at this time.

Comments on the RIS and draft legislation closed on 12 October 2012. In relation to the property occupations, 802 submissions were received. A list of those providing submissions is at Attachment C.

Stakeholder feedback on the Consultation Regulation Impact Statement (Consultation RIS) expressed support for the concept of national licensing in 31 per cent of submissions. However, 42 per cent of submissions included support for automatic mutual recognition. Many of those who supported automatic mutual recognition did, however, indicate they would have supported national licensing if some elements of the model were changed in a number of areas such as qualifications. The remainder supported the status quo or were silent on the issue.

Strong views were expressed in the public consultations and submissions on a number of elements of the model proposed in the Consultation RIS. These include:

- the need for licensing of non-residential property work
- the need for licensing of the sale, purchase and auctioning of livestock

- the need for stronger probity requirements
- the level of the proposed qualification requirement for most of the licence categories
- the need for mandatory continuing professional development.

In response to stakeholder feedback and further analysis of the associated risks, some elements of the model proposed in the Consultation RIS have been changed and these are discussed below.

Non-residential property work

In the Consultation RIS, it was proposed that non-residential property, also called commercial property, be differentiated or excluded from the meaning of real property and therefore unlicensed work. The underpinning rationale was based on the sector not fitting within the usual consumer protection framework that underpins licensing of property occupations.

Non-residential property work is currently licensed in all jurisdictions and forms part of the regulated work of a real estate agent, agent's representative and auctioneer of real property.

Views expressed and evidence provided in the public consultations and submissions were strongly supportive of the inclusion of non-residential property work in the scope of regulated work of real estate agents, agent's representatives and auctioneers. A number of stakeholders, including the Real Estate Institute of Australia (REIA), provided informative data on the monetary amounts for non-residential property sales, which was not available when the Consultation RIs was drafted. The data shows that the majority of sales are under \$1 million, (and 97 per cent are under \$10 million). There was also a strong view that the buyers and sellers of non-residential property work were generally small investors and not necessarily experienced or sophisticated consumers, and the new data appears to support this view.

Based on the evidence above and the risk to consumers, it is proposed that non-residential property work will be included in the scope of regulated work of a real estate agent and an agent's representative with an exclusion from the requirement to be a licensed agent for certain non-residential property transactions. The thresholds for the transaction will be based on either a monetary value or an area of property. Also, as a result of including certain of non-residential property transaction it is being proposed that in the case of non-residential transaction between related entities, the related entities are exempt from licensing requirements. A full discussion can be found in Chapter 3.

Probity requirements

The criminal history requirements proposed in the Consultation RIS were based on the connection between the criminal history of the person and the inherent requirements of the occupation for which the person is an applicant, licensee or relevant person. The requirements include criminal history checks for offences relating to dishonesty, offences relating to misleading or deceptive conduct.

Around 42 per cent of electronic and manual submissions were silent on this issue but strong views were expressed by those that provided comment, particularly the REIA. 49 per cent of the electronic survey responses indicated support for the proposed probity requirements while 18 per cent did not. However, the REIA – which represents the views of seven state institutes and the Real Estate Institute of New South Wales (REINSW) expressed strong disagreement with the proposal. These stakeholders wish to include drug trafficking convictions and offences in relation to violence against the person in the probity requirements.

Conversely, the Business Council of Australia considers that the Decision RIS should consider recommending removing the personal probity requirements from the licensing schemes as it argues that these replicate protections offered by other laws.

Real estate agents and agent/sales representatives routinely enter customers' premises for the purposes of assessing value, conducting open home inspections and undertaking property management. Probity checks already occur in all jurisdictions, and Victoria, Western Australia and the Northern Territory also include checks for drug trafficking convictions and offences against the person. Queensland requires licence applicants to submit to a criminal history check. Convictions for drug trafficking and offences against a person may render the applicant to not be a 'suitable person' and therefore ineligible for the licence.

The Australian Transaction Reports and Analysis Centre (AUSTRAC) has produced the public *Money laundering in Australia* report to help counter money laundering through greater public and industry awareness. The report states that the crime of money laundering involves diverse and often sophisticated methodologies. It corrupts and intermingles with legitimate transactions in areas such as banking and finance, casinos and gaming, high-value assets like real estate and luxury vehicles, international trade, and international remittance and foreign exchange services²⁰. Money may be laundered through real estate by manipulating property values, mortgage and investment schemes, complex corporate vehicles and loan arrangements. In 2004 it was estimated that \$651 million worth of laundered funds were invested in real estate annually²¹.

It is being proposed that additional personal probity requirements in relation to drug trafficking offences and violence against a person would apply to real estate agents and agent's representatives. The cost of a police check appears not to be affected by the scope of search; therefore the cost to include the check would have minimal cost impact.

Other areas of licensing for consideration

Livestock

The COAG guidelines state that in providing advice for decision makers, the option that generates the greatest net benefit for the community, taking into account all the impacts, should be presented as the preferred option. These guidelines make the commitment to establish and maintain effective arrangements to maximise the efficiency of new and amended regulation and to avoid unnecessary compliance costs and restrictions on competition. Decisions about whether regulatory action is in the public interest should be informed by an assessment of the effectiveness of the proposed action in meeting the identified objectives.

The preferred model is that selected after balanced consideration of all factors: it focuses on the economic cost and benefit but also takes into account appropriate risks and the impact on existing industry practices, competition impacts, including those on niche markets.

Licensing for the auctioning, and sale and purchase of livestock is not included in the preferred model. However, a discussion on the impact of including licensing for the auctioning, and sale and purchase of livestock is included at the end of Chapter 3 to allow for fullness of information for decision makers to make a decision on whether the auctioning and/or sale and purchase of livestock should be included in national licensing.

Automatic mutual recognition

The 2009 *Decision Regulation Impact Statement on the National Licensing System for Specific Occupations* outlined two possible approaches to an automatic mutual recognition (driver's licence model) – unharmonised and harmonised. In the first, licences would remain unharmonised; that is, skills, non-skills and administrative requirements would not be harmonised, and each jurisdiction

²⁰ [Money laundering in Australia 2011.](#)

²¹ [AUSTRAC, John Walker and RMIT University, 2004, *The extent of money laundering in and through Australia in 2004*, Criminology Research Council, viewed 15 June 2011](#)

would continue to implement their existing arrangements. A licensee able to perform the work regulated in one jurisdiction would be able to perform that work in any other jurisdiction without an additional licence. In the second, jurisdictions would seek to harmonise the aspects of licensing so that requirements across the country are the same.

Automatic mutual recognition would provide some benefits but is highly unlikely to deliver the same level of benefits as national licensing. As highlighted in this RIS, the current licensing arrangements across the states and territories are not harmonised and vary in terms of license categories, qualification requirements, and scopes of work. These variations between jurisdictions result in the restriction of workforce mobility, particularly in regional areas close to state borders and add increased costs to business and ultimately consumers.

Under either model, an occupational licence issued by any jurisdiction would be valid in any state or territory in Australia, therefore improved national labour mobility would be achieved and the regulatory burden could be expected to be reduced. State and territory autonomy would be maintained and transition and implementation costs would be minimised. Jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time.

The unharmonised approach would effectively import the complexities of each jurisdiction's licensing system into the other jurisdictions. Regulators would need to be familiar with the scope of work covered by every jurisdiction's licence categories in order to properly monitor work and compliance with jurisdictional requirements. Employers would also need to understand the difference licence types as, at present, mutual recognition processes ensure that licences issued in other jurisdictions are assessed and a 'local' licence issued so that the scope of work authorised is readily understood. The unharmonised option has the potential to increase consumer confusion, undermine the integrity of jurisdictional regulatory regimes and increase the potential for jurisdiction shopping.

Under the harmonised licence model, national mechanisms would be needed to coordinate the establishment and maintenance of the arrangements and resolve different jurisdictional views. A number of examples of past attempts to harmonise regimes have failed. Some advocates for harmonised licences have suggested that only those licences with clear equivalence could be harmonised, with others left unharmonised. For licences where no equivalence had been agreed, current mutual recognition requirements would need to continue. Such a two-tier approach would increase regulatory complexity. Difficulties are envisaged in maintaining consistency in legislative provisions without a common legislative basis. Costs would still be incurred in relation to policy development and legislative changes.

Under a harmonised automatic mutual recognition system, it is anticipated there would be a greater likelihood of resistance to reforms and therefore fewer opportunities to streamline and rationalise licensing frameworks compared with a single national licensing system which has an independent licensing authority in place whose role it is to develop and implement licensing reforms.

Difficulties are also envisaged in maintaining consistency in legislative provisions in a harmonised system without a common legislative basis. While the governance costs arising from automatic mutual recognition are less obvious than those from national licensing, they are still present and need to be considered.

Either model of automatic mutual recognition has the potential to provide for enhanced labour mobility, with lower immediate transition costs. However, the complexities of operating such a system mean that it is unlikely to achieve the same level of harmonisation and deregulation as national licensing. This would mean that the benefits would be lower. Implementation would be complex and would require close and ongoing co-operation and co-ordination at all levels of policy development, regulation setting and compliance.

Automatic mutual recognition would give rise to a more complex, less transparent, higher risk environment with less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time. Many of these costs would fall on businesses as they try to operate within an extremely complex regulatory environment.

It is estimated that neither model would provide the same level of benefit as national licensing. Automatic mutual recognition is therefore not the preferred option.

Further discussion of stakeholder views on AMR are outlined in Chapter 2. An assessment of the possible impacts is contained in Chapter 4.

Status quo

Under the status quo option, the states would continue to operate their own very different licensing systems. Licensed workers would continue to be subject to the *Mutual Recognition Act 1992* when they wished to work in another state or states, and would need to apply for a licence and pay an additional fee in each state or territory in which they choose to operate if the work is licensed in that state or territory. This option would not address current regulatory complexities, duplication across jurisdictions or impediments to a seamless national economy. As COAG had already requested the development of a national licensing system, the status quo could not be the preferred option unless other options delivered a net cost, when all impacts were assessed. This is not the case. The status quo is therefore simply used to measure the costs and benefits of the other options presented.

1 General policy context

In July 2008, the Council of Australian Governments (COAG) agreed to wide-ranging regulatory reform to increase Australia's productivity and provide the environment for a seamless national economy. National licensing is one of 27 key areas for reform being overseen by the Business, Regulation and Competition Working Group, which is co-chaired by Commonwealth ministers and has state and territory representation through senior officials.

Many of the challenges facing the economy can only be addressed through more coordinated regulatory arrangements. The COAG reforms aim to provide a more streamlined, consistent and targeted regulatory environment across Australia, reducing inefficiencies and duplication, removing red tape and facilitating flexible and productive operating conditions for businesses and workers across Australia. These reforms have the potential to make life simpler for businesses and consumers, while continuing to provide the necessary protections and access for consumers and the community. National licensing is one of 27 key areas for regulatory reform agreed in 2008, the majority of which have now been implemented. Implementation of the remaining reforms, including national licensing, is being overseen by the Business Advisory Forum Taskforce, which is composed of senior state and territory officials.

There is no consistent national licensing approach to work categories or occupations in Australia. Each state and territory uses a separate licensing approach, with different licence categories, scope of regulated work and eligibility requirements. This hinders labour mobility across Australia and increases the regulatory burden for licensees and government. Attachment D contains an overview of the current regulatory approach.

COAG agreed to develop a national licensing system with the following characteristics:

- cooperative national legislation
- national governance arrangements to manage standard setting and policy issues and to ensure consistent administrative and compliance practices
- all current holders of state and territory licences deemed across to the new licence system at its commencement
- the establishment of a publicly available national register of licensees and former licensees
- no legislative role for the Commonwealth in the establishment of the new system.

National licensing would initially be considered for four occupational areas, which were chosen based on the following selection criteria:

- at least one critical area of the occupation licensed across all jurisdictions
- subject to the work on achieving full and effective mutual recognition
- their importance to the economy in terms of level of demand, intrinsic mobility and number of licensees
- the volume and nature of mutual recognition difficulties.

The four occupational areas are:

- electrical
- plumbing and gasfitting
- property (excluding conveyancers and valuers)

- refrigeration and air-conditioning

The development of a national licensing system was endorsed by the states and territories in April 2009 by the signing of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement).

The implementation strategy of the 2009 decision foreshadowed further research and consultation to inform more detailed arrangements regarding the implementation of national licensing for each of the occupations identified. Policy development work was undertaken from 2009-2011 and culminated in a number of options for national licensing, which were included in the Consultation Regulation Impact Statements (RISs) for each of the occupations identified and released for public comment between July and August 2012.

The objective of this Decision RIS is to consider feedback received on the options proposed in the Consultation RIS and any further information that has come to light, and to recommend a preferred national licensing option that provides the highest net benefit to the community, taking into account all the impacts.

National licensing is a threshold reform. It sets in place national licensing eligibility requirements and the related disciplinary framework as the first step in developing a comprehensive national licensing scheme that could, once fully developed, encompass the requirements for both obtaining a licence and the behaviour and standards (conduct) required to maintain a licence.

Details on the policy development process undertaken, together with the objectives and principles which underpinned the work, and the advisory mechanisms used are provided at Attachment E.

The behaviours and standards (conduct) to be met by licensees are not currently part of the proposed national occupational licensing reform. A separate reform to potentially harmonise conduct requirements, commencing with property occupations, is being considered by the Legislative and Governance Forum on Consumer Affairs (formerly the Ministerial Council for Consumer Affairs). The full benefits of a proposed national licensing system would be realised if this further reform were undertaken.

1.1 The Occupational Licensing National Law Act 2010

The *Occupational Licensing National Law Act 2010* (National Law) has been passed in six jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory) to establish national licensing. This Act is national framework legislation that seeks to establish national licensing.

The Bill passed Western Australia's Legislative Assembly on 24 November 2010 and was referred to the Western Australia Standing Committee on Uniform Legislation and Statutes Review. The committee did not support the Bill in its current form, and Western Australia will consider its position on the passage of the Bill based on agreement of a preferred model in the Decision RIS.

The Australian Capital Territory has reserved its right not to implement national licensing if the costs to the Territory outweigh the benefits.

The National Law provides the high-level framework for national licensing policy and regulations. A copy of the National Law can be found on the NOLA website at <http://www.nola.gov.au>.

During the policy development process, it became clear that some amendments to the National Law will be required. The release of the draft Amendment Bill and draft regulations coincided with the release of the Consultation RIS for the four occupations and public comment was sought on the package.

2 Options for reform

This chapter provides a brief overview of the options considered for a national licence for the property occupations and the reasons leading to the recommendation of the preferred option. A detailed description of key elements of the rationale on which the selected elements are based is provided at Chapter 3.

2.1 Options considered

The options considered for the licensing of property occupations were as follows:

- *Option 1: National licensing* – A national licensing system would provide a single policy approach to licence categories, regulated work and the eligibility requirements to obtain a property occupational licence. This would allow a person to work anywhere in Australia where the relevant work is licensed without having to reapply for a licence or pay any additional fee. The only exception to this would be the small proportion of instances where the second jurisdiction licenses a category not licensed in the person's primary jurisdiction. A national licensing register would be established.
- *Option 2: Automatic mutual recognition* – This option proposes a 'driver's licence' approach to national licensing whereby each jurisdiction would continue to issue licences under existing jurisdictional categories and associated scopes of regulated work, or a harmonised set of licence categories and regulated work which have been declared equivalent, following agreement by the states and territories. In both cases, licences would be recognised by every other state and territory without the licensee having to reapply for a licence or pay an additional fee.
- *Option 3: Status quo* – This option would involve no change from current state and territory licensing arrangements.

Previous consultation findings were supportive of a national licensing system. This approach was subsequently endorsed by the Council of Australian Governments (COAG) through the signing of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement) and passage of the *Occupational Licensing National Law Act 2010* (the National Law). Following further consultation arising from the release of the Consultation RIS undertaken in August, September and October 2012, national licensing remains the preferred option, compared with automatic mutual recognition and the status quo. This is supported by the cost-benefit analysis undertaken concerning the different approaches proposed.

The *COAG best practice regulation guide* requires that the RIS should provide a clear statement as to which is the preferred option and why. The RIS should demonstrate that:

- the benefits of the proposal to the community outweigh the costs; and
- the preferred option has the greatest net benefit for the community, taking into account all the impacts

In considering the status quo, the Consultation RIS did not discuss options for maintenance of the existing jurisdictional arrangements per se, but considered a 'base case' (status quo) for assessing the impact, both quantitative and qualitative, of the introduction of national licensing.

Automatic mutual recognition meets some of the objectives of national licensing, however, it is essentially a hybrid of the status quo and national licensing and does not easily enable or embody a consistent national approach to standard setting and policy.

A total of 802 submissions were received on the Property Occupations Consultation RIS. Submissions were received in a number of ways; electronic survey responses, use of the hard copy template and other submissions that focused on particular elements of the proposed model. Stakeholders expressed support for the concept of national licensing in 31 per cent of submissions. 42 per cent of the submissions indicated support for automatic mutual recognition. However, the majority of these respondents expressed support for national licensing if some elements of the model were changed, such as the licensing of commercial property work, inclusion of mandatory continuing professional development and a number of qualification requirements. The remainder of the submissions supported the status quo or were silent on the issue.

Option 1 – National licensing

National licensing is the preferred option for property occupations. National licensing would achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and to understand the scope of the licences prospective employees may hold. While the majority of real estate establishments (approximately 81.9 per cent) are located in New South Wales, Victoria and Queensland, there has been significant growth in demand for both residential and non-residential real estate in Western Australia.

Under national licensing, licence requirements would be consistent in all jurisdictions and uniform licence categories would be issued. A national policy framework would apply overseen by a national occupational licensing authority, which would help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remained sustainable and that there was a forum in which to resolve jurisdictional differences.

Key features of national licensing for the property occupations include:

- A licensee would be able to work anywhere in Australia without having to reapply or pay for a licence when they move to another jurisdiction within Australia.
- A central licensing authority, the National Occupational Licensing Authority (NOLA) would be responsible for developing (with Ministerial Council approval) national licence policy for each occupational area and would oversee its consistent application by jurisdictional regulators. National licence policy includes:
 - the licence categories that should apply
 - the regulated work that can be undertaken by the holder of a licence category
 - who can apply for a licence, e.g. individuals, and bodies corporates
 - skilled and non-skilled eligibility requirements, e.g. qualifications, personal and financial probity
 - other licence characteristics, e.g. exemptions or exclusions.
- Jurisdictional regulators would administer the system as delegates of NOLA under the National Law.
- Licence applicants will be able to choose between one year, three year and five year licence periods.
- Current requirements for mandatory continuing professional development would be removed in the jurisdictions where they apply. Skills maintenance would be prescribed on an as needs basis.

- There would be no requirement for retesting at licence renewal time. If the licence is not renewed within three months of its expiry a new licence application would be required and the current qualification requirements met (former national licensees can present a lapsed licence of the same category held within the three years prior to application).
- There would be standard qualification and eligibility requirements across all jurisdictions and there would be no additional experience requirements for obtaining a licence.
- Personal and financial probity requirements would be made consistent.

Chapter 3 contains the full description of the proposed national licensing model for the property occupations, which includes the skill and non-skill eligibility requirements, personal and financial probity requirements and classes of persons exempt from licensing. The proposed model has been informed by the policy development work undertaken by the Property Occupation Interim Advisory Committee (IAC), the COAG National Licensing Steering Committee (the Steering Committee), the Interim Property Occupational Licensing Advisory Committee (OLAC) and stakeholder feedback from the consultation process.

Chapter 4 sets out the impacts associated with national licensing as well as an estimate of the potential flow-through benefits associated with increased labour mobility and returns to business from national licensing. A payback period is also included to highlight the length of time that will be needed for the benefits to offset the transition costs. This payback period is quite short, while the benefits are expected to be ongoing. A ten-year net present value is \$578.64 million; however, the reform's effects could theoretically be considered over a longer time period, which would result in a larger net benefit (as the benefits are expected to continue beyond the ten-year time period provided for in this analysis).

Conduct requirements

The regulation of the behaviours and standards (conduct requirements) to be met by licensees following the attainment of a licence would not be within the scope of this reform. A separate reform, which seeks to harmonise conduct requirements commencing with property occupations, is being undertaken initially under the auspices of the Legislative and Governance Forum on Consumer Affairs (formerly the Ministerial Council for Consumer Affairs). The full economic benefits of national licensing would be realised if conduct requirements are reformed to provide for national standards for behaviour. However, under national licensing, licensees will be responsible for meeting any jurisdictional requirements for operating in a particular jurisdiction, for example, the way trust accounts are managed.

Option 2 – Automatic mutual recognition

Automatic mutual recognition was included as an option in the Consultation RIS. It had been previously discounted in the 2009 Decision RIS but was not costed at that time. The model addresses the issues of labour mobility and the regulatory burden associated with licensees operating across jurisdictions and would incur lower transitional costs than a national licensing system. It was therefore deemed appropriate to reconsider it in comparison with national licensing.

Existing mutual recognition arrangements

Under existing mutual recognition arrangements, a licence holder who wishes to work in another jurisdiction must make an application, demonstrate that they hold a valid licence and pay an additional fee for an additional, 'equivalent' licence to be issued in the second jurisdiction. In some circumstances, conditions, restrictions or endorsements would need to be applied to the licence in the second jurisdiction to achieve licence equivalence. Work to achieve ministerial declarations of equivalence for the four initial occupational areas being considered for national licensing was undertaken over the period 2006–2008 and details can be found at www.licencerecognition.gov.au.

The *Mutual Recognition Act 1992* only relates to individual occupational licences and not to business entities that are not individuals.

Automatic mutual recognition – unharmonised approach

Under this approach, a licence holder would automatically be allowed to perform the scope of licensed work authorised by their jurisdiction-based licence across all jurisdictions regulating that work, without applying for an additional licence or paying an additional fee. The regulated work and licence type would be whatever jurisdictions determine – it would not be harmonised or made consistent in any way. It would become the responsibility of the regulator and employers to understand the licensed work authorised by a licence issued by any jurisdiction as, unlike under existing mutual recognition arrangements, the licence would not be ‘translated’ into the regulatory terms of the jurisdiction of operation. In addition to the different types of standard licences, licensees with conditions or restrictions imposed for disciplinary reasons could move between jurisdictions and these variations may not be apparent from the licence card. It could therefore be expected that compliance monitoring would be substantially more difficult for regulators in this environment.

A licensee would need to ensure they did not carry out work for which they were not authorised. The differences in licence types and associated regulated work could raise the risk of licensees working outside their scope of work in second jurisdictions, potentially affecting consumer protection and health and safety.

This option is similar to the arrangements that apply to a driver’s licence, where a licence in one jurisdiction entitles the bearer to drive anywhere in Australia. However, it should be noted that the standard automotive driver’s licence arrangement works because the regulated work – driving – is essentially the same in all jurisdictions. The different historical approaches to property licensing mean that the various types of regulated work are significantly more varied than driving.

The 2009 Decision RIS²² noted that, on examination, an unharmonised approach would not address issues of consistency or transparency, would increase the level of complexity for individuals and businesses (in understanding jurisdictional licensing and conduct differences) and has the potential to increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes by undermining the integrity of jurisdictional regulatory regimes and increasing the potential for jurisdiction shopping. It indicated that there was a significant risk that regulators would lose confidence in the arrangements over time.

Automatic mutual recognition – harmonised approach

To manage regulatory differences, jurisdictions could agree to harmonise some licensing requirements under this option, particularly those where equivalence is more easily determined, or based on updated ministerial declarations of equivalence or the work of national licensing.

A harmonised approach, in the absence of a national coordinating mechanism or body would, however, be extremely difficult to achieve, time-consuming and hard to maintain over time as there would be no process to resolve differing jurisdictional views. The costs of existing mutual recognition administration is low as there is no central governance, however the resultant minimal coordination and resourcing has led to a poor level of knowledge of the *Mutual Recognition Act 1992* among both regulators and licensees. The Productivity Commission recognised this issue and, in 2009, recommended the establishment of a specialist unit (funded by jurisdictions) to provide oversight of mutual recognition. It should be noted that a Commonwealth-funded taskforce set up in 2006 to improve the operations of mutual recognition procedures worked with states and territories until

²² *National Licensing System for Specified Occupations Decision Regulation Impact Statement April 2009*

2008 to reach a series of ministerial agreements on licence equivalence for a select number of occupations. The majority of these have not been updated since they were originally agreed.

Under both harmonised and unharmonised options, state and territory autonomy would be maintained and transition and implementation costs would be minimised. However, jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time. This would have the potential to undermine any agreed equivalency, increase complexity and create uncertainty in jurisdictions which had not issued the licence. Legislative change would be needed to the *Mutual Recognition Act* to allow recognition of business entities, and to jurisdictional legislation. Licence cards from different jurisdictions could contain different levels of information, causing uncertainty for consumers unless this was made more consistent. A national register of disciplinary actions would improve transparency for consumers and regulators alike but would need to be agreed and established. Such a register would not provide the full national register of information provided for under the proposed national licensing register. A process would need to be developed surrounding who would provide, maintain and service such a register, and agreement would be needed on how it would be funded.

If harmonisation was introduced as a staged process, with clearly equivalent licences included first and others left outside the system, temporarily or perpetually, further confusion could be created. For licences where no equivalence had been agreed, current mutual recognition requirements would need to continue.

Consultation

Support for automatic mutual recognition was expressed in 42 per cent of submissions. Many of these, however, indicated that they would have supported national licensing if some elements of the model were changed, such as the qualification requirements.

Of the 72 electronic survey respondents, 70.8 per cent cited the capacity of automatic mutual recognition to maintain existing licence categories, scopes of work and qualification requirements as very important. In contrast, 53.5 per cent of 187 respondents not supporting automatic mutual recognition cited the non-harmonisation of licence categories, scopes of work and qualification as very important to their view.

The lower establishment cost for governments to implement automatic mutual recognition was very important to 19.7 per cent of respondents. Of the 72 electronic survey respondents, 36.1 per cent cited automatic mutual recognition's relevance to licensees who only wish to work in more than one jurisdiction as very important. The importance of labour mobility was important to 35.2 per cent, and very important to 32.4 per cent of electronic survey respondents.

Conclusion

It was considered that, under the automatic mutual recognition model, there was a greater likelihood of resistance to reforms and fewer opportunities to streamline and rationalise licensing frameworks, compared with a single national system. Difficulties are envisaged in maintaining consistency in legislative provisions without a common legislative basis. While the governance costs arising from automatic mutual recognition are less obvious than those from national licensing, they are still present; and that they are less transparent does not mean they can be avoided in any effective system. It is noted that costs would still be incurred in relation to policy development and legislative changes.

Automatic mutual recognition has the potential to provide for a level of enhanced labour mobility. The complexities of operating such a system mean that implementation would be extremely difficult and would require close cooperation and coordination at all levels of policy development, regulation setting and compliance. Automatic mutual recognition would deliver fewer benefits and give rise to

a more complex, less transparent and a more high-risk environment, with far less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time. Automatic mutual recognition is therefore not the preferred option.

Option 3 – Status quo

Under the status quo option, the states would continue to operate their own licensing systems, with different jurisdictional policy development processes, applicant assessment standards and mechanisms, and disciplinary outcomes for behaviour breaches. Licensed workers would continue to be subject to the requirements of the *Mutual Recognition Act 1992* when they wished to work in another state or states, and would need to apply for a licence and pay any additional fee in each state or territory in which they chose to operate.

This option would not address current regulatory complexity or the COAG agreement for a national trade licensing system.

3 Preferred national licensing model

The first part of this chapter provides a high-level overview of the preferred national licensing option and proposed model. The model draws on consultations and input from stakeholders, evidence and impact analysis. The second part contains a detailed description of each element, and the rationale for the preferred approach to each element, including relevant consultation feedback. The draft Amendment Bill and regulations have been based on this model.

During the development of the national licence model for the property occupations, a risk-based approach was taken based on identified consumer and health and safety risks associated with property work. An overview of these risks can be found in Attachment F. The Council of Australian Government's (COAG) best practice regulation principles were also considered.

3.1 Licence categories

A licence category identifies the scope of regulated work, which describes the extent of work authorised under the category. The proposed national licence model for property occupations is based on a number of licence categories, each relating to specific aspects of property work.

The licence categories proposed for the property occupations are listed below in Table 3.1.

Table 3.1: Proposed licence categories for the property occupations

Licence categories
Real estate agent licence
Business agent licence
Strata managing agent licence
Agent's representative registration
Real estate auctioneer licence

The categories divide some of the existing broader current jurisdictional categories. For example, the current Victorian estate agent's licence will be separated into three licence categories: a real estate agent's licence, a business agent's licence and an auctioneer's licence. It is expected that all three categories could be provided on a single licence document. There will also be a change to some elements of the licensing or registration arrangements of strata managing agents in the Australian Capital Territory and the Northern Territory.

A small number of current licence categories were not considered a strong enough risk or demand to warrant a separate licence category – for example, residential property managers and buyer's agents. Some of the existing categories have been encompassed in the scope of a real estate agent and an agent's representative. The rationale and stakeholder feedback for some of these arrangements is discussed later in this chapter.

Table 3.2 illustrates categories where national licensing will occur across Australia. It should be noted that, in accordance with clause 4.2(f) of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement), a jurisdiction will not be required to adopt a national licence category where it does not regulate the area of work at

the time national licensing commences. These instances are indicated by the blank sections of the table.

Table 3.2: Proposed national licensing categories across jurisdictions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Real estate agent	y	y	y	y	y	y	y	y
Business agent	y	y	y	y	y	y	y	y
Strata managing agent	y	*					y**	y
Agent's representative	y	y	y	y	y	***	y	y
Real estate auctioneer	y	y	y	y	y	y	y	y

* The registration of owners' corporation manager will remain a state-based licence in Victoria and will not be included in national licensing. However, for fullness of information for decision makers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria. See Chapter 4 for impact analysis.

** The Australian Capital Territory is yet to determine whether a national licence will be issued for strata managers.

*** Tasmania has indicated that it may adopt the national licensing agent's representative registration.

A comparative mapping of national licensing categories and arrangements against each of the current jurisdictional categories and arrangements is provided in Attachment A.

The following subsections provide a synopsis of the licence categories and the relevant regulated work. A rationale and evaluation on each of the elements follows later in this chapter.

3.1.1 Real estate agent

Regulated work means work that may be carried out only by a person licensed to carry out that work, i.e. the type of work authorised under that licence. The regulated work for a real estate agent includes certain non-residential property transactions, also called commercial agency work. Views expressed in the public consultations and submissions were strongly supportive of the inclusion of this work in the scope of work of real estate agents, agent's representatives and auctioneers. See discussion later in this chapter.

The scope of regulated work for a real estate agent is described below in Table 3.3. Under national licensing, an individual and a body corporate will be able to apply for a real estate agent's licence.

Table 3.3: Policy description of the proposed regulated work for a real estate agent

Licence category	Preferred regulated work
Real estate agent	<p>Real estate agency work means selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property on behalf of another person, for fee, gain or other reward.</p> <p>However, the following work is not real estate agency work :</p> <ul style="list-style-type: none"> • Strata-managing agency work; or • selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property that: <ul style="list-style-type: none"> ○ is not rural land; and ○ is used or intended to be used, wholly for purposes other than residential property; and ○ has an estimated contract price of at least a prescribed amount or has an area greater than a prescribed area. <p>Estimated contract price, for selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property, means the true estimate, made on reasonable grounds by the person carrying out the work, of the price payable for the real property transaction.</p> <p>Rural land means land used or apparently intended to be used, for gain or profit, for grazing livestock or cultivating crops.</p>

3.1.2 Business agent

The scope of regulated work for a business agent is described below in Table 3.4. Under national licensing, an individual and a body corporate will be able to apply for a business agent’s licence. See discussion later in this chapter.

Table 3.4: Licence category and proposed regulated work for a business agent

Licence category	Preferred regulated work
Business agent	<p>Business agency work means the selling, purchasing , exchanging or otherwise dealing with a business on behalf of another person, for fee, gain or other reward.</p>

3.1.3 Strata managing agent

The scope of regulated work for a strata managing agent is described below in Table 3.5. Under national licensing, an individual and a body corporate will be able to apply for a strata managing agent’s licence. See discussion later in this chapter.

Table 3.5: Licence category, proposed regulated work and associated definition for a strata-managing agent

Licence category	Preferred regulated work and associated definitions
Strata managing agent	<p>Strata managing agency work means managing, for a fee, gain or other reward, any function of an owners' corporation on behalf of an owners' corporation under a strata or community title scheme.</p> <p>Strata or community title scheme, for a participating jurisdiction, means a scheme that has been declared by a law of that jurisdiction to be a strata or community title scheme for that jurisdiction for the purposes of the National Law.</p> <p>Owners corporation includes a body corporate under a strata or community title scheme.</p>

3.1.4 Agent's representative

The scope of regulated work for an agent's representative is described below in Table 3.6. The registration for an agent's representative is a change to the current arrangements for agent's representative in Victoria. See discussion later in this chapter.

Under national licensing, an agent's representative is not authorised to operate a business and therefore the registration will only be available for individuals.

Table 3.6: Registration category and proposed regulated work for agents' representative

Registration category	Preferred regulated work
Agent's representative	<p>Agent's representative work means real estate agency work or business agency work carried out as an employee of, or otherwise for or by arrangement, with a person who holds a real estate agent's licence or business agent's licence; and</p> <p>Under the supervision of the person who holds the real estate agent's licence or business agent's licence.</p>

3.1.5 Real estate auctioneer

The regulated work for an auctioneer of real property is described below in Table 3.7 and includes the auctioning of non-residential property. Under national licensing, an auctioneer is not authorised to operate an agency and therefore the licence will only be available for individuals. See discussion later in this chapter.

Table 3.7: Licence category and proposed regulated work for a real estate auctioneer

Licence category	Preferred regulated work
Real estate auctioneer	<p>Real estate auctioneering work means the auctioning of real property on behalf of another person, for fee, gain or other reward.</p>

3.2 Nominees

National licensing will have agency licences, an employee registration and an auctioneer's licences. The *Occupational Licensing National Law Act 2010* (the National Law) provides that when a body corporate does not hold the relevant technical skills (licence), and applies for an agency licence, they will be required to nominate a nominee. The nominee will be an individual licensed to undertake the

relevant regulated work. The nominee will be a director or an employee and agree to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation). A body corporate may choose to have more than one nominee.

The nominees for the property occupations are described in Table 3.8. See discussion later in this chapter.

Table 3.8: Nominees for the applicable licence categories

Agency licence category	Licence held by nominee
Real estate agent	Real estate agent
Business agent	Business agent
Strata managing agent	Strata managing agent

3.3 Exemptions

The National Law makes it an offence for an individual or business entity to undertake regulated work unless that individual or business entity holds a licence or is exempt.

Under amendments proposed to the National Law a person must not carry out regulated work unless the person:

- holds a licence to carry out the regulated work
- is exempt under the national law from the requirement to hold a licence to carry out the regulated work
- is exempted by the NOLA, in accordance with the national law, from the requirement to hold a licence to carry out the regulated work.

The proposed classes of persons who would be exempt from the requirement to hold a licence to carry out regulated work are described in Table 3.9. See discussion on exemptions, including the exemption for related entities later in this chapter.

Table 3.9: Proposed classes of person exempt from holding a licence

Class of person
<ul style="list-style-type: none"> • The State within the meaning of section 8 (2) of the National Law.²³ • A local government or local council. • A public guardian²⁴. • A public trustee²⁵.

²³ *Occupational Licensing National Law Act 2010 No. 66 of 2010* section 8 Law binds the State

(2) State means the Crown in right of this jurisdiction, and includes—

(a) the Government of this jurisdiction; and

(b) a Minister of the Crown in right of this jurisdiction; and

(c) a statutory corporation, or other entity, representing the Crown in right of this jurisdiction.

²⁴ Means a person who has been declared by a law of the participating jurisdiction to be a public guardian for the purposes of National Law.

²⁵ Means a person who has been declared by a law of the participating jurisdiction to be a public trustee for the purposes of the National Law

Class of person

- An executor, administrator, trustee, liquidator, official receiver, trustee or assignee of a bankrupt for the purposes of exercising his or her functions in that capacity.
- An Australian legal practitioner for the purpose only of carrying out the ordinary functions of an Australian legal practitioner.
- A person is exempt from holding a business agency licence, if the person holds a financial services licence under the *Corporations Act 2001* (Cwlth).
- An employee of an authorised financial institution but only in carrying out the ordinary functions of an employee of a financial institution. Authorised financial institution means a financial institution that under a prescribed law is approved or otherwise authorised to receive trust funds or keep trust accounts. Financial institution means an authorised deposit-taking institution within the meaning of *the Banking Act 1959* of the Commonwealth.
- A person who is carrying out regulated work that consists only of leasing residential real property for less than three months. Two or more consecutive lettings of the same residential property to the same person are to be considered to be a single letting for calculating the length of the lease
- A person who, in the person's capacity as an employee or contractor of another person who holds a strata-managing agent's licence, carries out strata-managing agency work that consists only of—
 - (i) maintaining or repairing property for which an owners corporation is responsible; or
 - (ii) administrative duties such as book-keeping or clerical work
- If the person carries out regulated work only in relation to real property owned by a related entity of the person; and the person discloses in writing, in any advertising or contract related to the regulated work, the person's relationship to the owner of the real property; and a person who, in the person's capacity as an employee of a person is carrying out regulated work in relation to real property owned by related entity of the person²⁶

3.4 Non-skills based eligibility requirements

Regulatory regimes develop criteria to determine an applicant or licensee's suitability to hold a licence in specific occupations. These criteria are designed to minimise risks associated with matters such as incompetent work and public and personal safety, and risks to property and money held in trust. Risks associated with property work are summarised in Attachment F.

The issuing or renewal of a licence is premised on reducing these risks by requiring the applicant to meet specific eligibility requirements. For example, an applicant or licensee may be assessed against personal or financial probity conditions, age or health and fitness requirements. The National Law provides for non-skill eligibility criteria that include personal and financial probity requirements.

3.4.1 Relevant person

The National Law provides for the identification of a relevant person(s) for a body corporate, or a person who is a member of a partnership, and that they are subject to personal and financial probity checks. This aims to prevent a person from hiding behind a corporate structure, for example, where an individual has been banned from undertaking work in a licensed occupation and endeavours to use a corporate structure as a front to continue operating in the industry. The proposed relevant persons for the applicable to the property licences are described in Table 3.10. See discussion later in this chapter.

²⁶ **Occupational Licensing National Law Amendment Bill 2013, Schedule 4, section 5. *related entity***, means a body corporate that is related to the person by virtue of section 50 of the *Corporations Act 2001* of the Commonwealth; or another person prescribed by the national regulations to be a related entity.

Table 3.10: Proposed relevant person(s) for the property occupations

Licence categories	Relevant person(s)
Real estate agent Business agent Strata managing agent	<p>For a body corporate—</p> <ul style="list-style-type: none"> (i) each director of the body corporate; and (ii) any other individual in effective control of the business of the body corporate; <p>For a member of a partnership, each member of the partnership.</p> <p>A person in effective control of the business of the body corporate includes an individual who—</p> <ul style="list-style-type: none"> (a) is regularly or usually in charge of the body corporate’s business; or (b) is in a position to control or influence the conduct of the body corporate’s business in a substantial way.

3.4.2 Personal probity eligibility requirements

The National Law makes provision for the personal probity requirements that would apply to licence applicants. The personal probity requirements for the property occupations are shown in Table 3.11. The requirements include offences against the person and drug trafficking for applicants of real estate agent’s licences and agent’s representative’s registrations. See discussion later in this chapter. Nominees will not be subject to additional probity requirements beyond those necessary for them to obtain a licence.

Table 3.11: Proposed personal probity requirements

Licence category	Subject of probity check	Personal probity requirement
Real estate agent	Individual Relevant person for a body corporate or a partnership	<p>A person’s criminal history in relation to:</p> <ul style="list-style-type: none"> offences relating to dishonesty offences relating to misleading or deceptive conduct offences relating to drug trafficking offences against the person. <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11²⁷ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>The following matters relating to business conduct.</p> <p>This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> failure to exercise powers with care and diligence failure to exercise powers in good faith and for a proper purpose misuse of position to gain advantage or cause detriment to a company misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company breach of the procedures under that Act when given a financial benefit to a related party of a company failure to comply with financial reporting requirements under that Act breach of the duty not to trade while insolvent.

²⁷ Ibid

Licence category	Subject of probity check	Personal probity requirement
Business agent	Individual Relevant person for a body corporate or a partnership	<p>A person's criminal history in relation to :</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11²⁸ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>The following matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when given a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade while insolvent.
Strata- managing agent	Individual Relevant person for a body corporate or a partnership	<p>A person's criminal history in relation to :</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11²⁹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>The following matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when given a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act

²⁸ Ibid

²⁹ Ibid

Licence category	Subject of probity check	Personal probity requirement
		<ul style="list-style-type: none"> breach of the duty not to trade while insolvent.
Agent's representative	Individual	<p>A person's criminal history in relation to :</p> <ul style="list-style-type: none"> offences relating to dishonesty offences relating to misleading or deceptive conduct offences relating to drug trafficking offences against the person. <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11³⁰ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p>
Real estate auctioneer	Individual	<p>A person's criminal history in relation to :</p> <ul style="list-style-type: none"> offences relating to dishonesty offences relating to misleading or deceptive conduct offences relating to drug trafficking offences against the person. <p>Whether, within the previous 5 years, a conviction for an offence under section 9, 10 or 11³¹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p>

3.4.3 Financial probity requirements

The National Law provides for the financial probity requirements a person must satisfy to be eligible for a licence. Financial probity eligibility requirements aim to determine whether the financial integrity of the applicant is such that the risk for consumers in dealing with the licensed person is minimised. One of the aims of licensing business entities is to protect consumers from those who have been involved in the mismanagement of business.

The proposed financial probity requirements for each type of applicant and licence category are shown in Table 3.12. See discussion later in this chapter.

Table 3.12: Proposed financial probity requirements

Licence Category	Subject of probity check	Financial probity requirement
Real estate agent Business agent Strata managing agent	Individual Relevant person for a body corporate or a member of a partnership	<p>The NOLA must have regard to the following history of an applicant or a licensee:</p> <ul style="list-style-type: none"> whether the person is bankrupt or insolvent, compounds with creditors, enters into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt or insolvent debtors

³⁰ Ibid

³¹ Ibid

		<ul style="list-style-type: none"> whether the person has within the last five years been a relevant person for another person who, during that five-year period, was bankrupt, insolvent, compounded with creditors or entered into a compromise or scheme of arrangement with creditors or otherwise applied to take the benefit of any law for the relief of bankrupt or insolvent debtors whether the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law or a prescribed law. <p>For a body corporate or a partnership;</p> <ul style="list-style-type: none"> Whether a relevant person for the body corporate or partnership is bankrupt, insolvent, compounds with creditors or otherwise applies to take benefit of any law for the relief of bankruptcy or insolvent debtors.
Agent's representative Real Estate auctioneer	Individual	Whether a person who is an applicant or a licensee is not eligible for a licence if the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law.

3.5 Qualification-based eligibility requirements

The aim of eligibility requirements based on qualifications is to protect consumers from engaging practitioners who may deliver substandard service due to failure to reach a minimum standard of competence.

Strong views were expressed in the public consultations and submissions about the proposed qualification requirement for most of the licence categories. See discussion later in this chapter.

3.5.1 Review of the proposed qualifications

The qualification requirements for the property occupations are listed in Tables 3.13 to 3.21. The IAC recommended core units of competency that must be completed within each of the qualifications and also recommended a review of some units in order to fulfil the new licensing requirements. The IAC has also recommended the development of a couple of new units of competency. The work will be conducted by the Construction and Property Services Industry Skills Council, who are responsible for development of the property services training package.

It should be noted that the national licensing qualification requirements will only be required by new applicants and will have no impact on current licensees who will be transitioned to a national licence.

3.5.2 Real estate agents

The CPP40307 Certificate IV in Property Services (Real Estate) from the CPP07 Property Services Training Package will be the qualification requirement for a real estate agent's licence. The Certificate must include the specified core units listed in Table 3.13, from the CPP07 Property Services Training Package. The units were identified by the IAC, however the unit code nomenclature may have changed since this time. See discussion later in this chapter.

The qualification requirement for a licensed business agent wishing to apply for a real estate agent's licence is shown in Table 3.14.

It should be noted that the Certificate IV requirement is different to what is currently required in Queensland, Western Australian, South Australia, Tasmania, the Australian Capital Territory and the

Northern Territory. The qualification will only be required by new applicants and will have no impact on current licensees. Attachment D includes an overview of current requirements.

Table 3.13: Qualification for a real estate agent

Qualification for a real estate agent	
Completion of CPP40307 Certificate IV in Property Services (Real Estate) including the following specified core units from the CPP07 Property Services Training Package:	
Unit code and specified core unit title	
CPPDSM4080A	Work in the real estate industry
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4009B	Interpret legislation to complete agency work
CPPDSM4015A	Minimise agency and consumer risk
CPPDSM4011A	List property for lease
CPPDSM4013A	Market property for lease
CPPDSM4012A	List property for sale
CPPDSM4014A	Market property for sale
CPPDSM4003A	Appraise property
CPPDSM4018A	Prepare and present property reports
CPPDSM4010A	Lease property
CPPDSM4016A	Monitor and manage lease or tenancy agreement
CPPDSM4049A	Implement maintenance plan for managed properties
CPPDSM4020A	Present at tribunals
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4005A	Establish and build client-agency relationships
CPPDSM4022A	Sell and finalise the sale of property by private treaty
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4056A	Manage conflict and disputes in the property industry
CPPDSM4017A	Negotiate effectively in property transactions

Table 3.14: Qualification for a licensed business agent wishing to apply for a real estate agent's licence

Qualification for a licensed business agent wishing to apply for a real estate agent's licence.	
Statement of attainment comprising the eight units of competency listed below from the CPP07 Property Services Training Package	
Unit code	Unit title
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work

CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4003A	Appraise property
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4018A	Prepare and present property reports
CPPDSM4010A	Lease property
CPPDSM4016A	Monitor and manage lease or tenancy agreements
CPPDSM4022A	Sell and finalise the sale of property by private treaty

3.5.3 Business agents

The CPP40507 Certificate IV in Property Services (Business Broking) from the CPP07 Property Services Training Package will be the qualification requirement for a business agent's licence. The Certificate must include the specified core units listed in Table 3.15, from the CPP07 Property Services Training Package. The units were identified by the IAC, however the unit code nomenclature may have changed since this time. See discussion below in section 3.2.

A licensed business agent who wishes to apply for a real estate agent's licence will need to complete the additional qualification requirement shown in Table 3.16.

It should be noted that the Certificate IV requirement is different to what is currently required in Queensland, Western Australian, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory. This qualification will only be required by new applicants and has no impact on current licensees who will be deemed to a national licence. Attachment D includes an overview of current requirements.

Table 3.15: Qualification for business agent's licence

Qualification for a business agent	
Completion of CPP40507 Certificate IV in Property Services (Business Broking) including the following specified mandatory units from the CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4079A	Work in the business broking sector
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4015B	Minimise agency and consumer risk
CPPDSM4029A	Appraise business
CPPDSM4053A	List business for sale
CPPDSM4060A	Negotiate sale and manage sale to completion or settlement
CPPDSM4069A	Promote and market listed business
CPPDSM4009A	Interpret legislation to complete agency work
BSBRES401A	Analyse and present research information
A new unit to be developed	Identifying legal and ethical requirements of business sales and acquisitions to complete agency work
A new unit to be developed	Understanding and interpreting financial statements

Table 3.16: Qualification for a licensed real estate agent wishing to apply for a business agent's licence

Qualification for a licensed real estate agent wishing to apply for a business agent's licence	
Statement of attainment comprising the following two units of competency from the CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4029A	Appraise business
*	Identify legal and ethical requirements of business sales and acquisitions to complete agency work

* A new unit of competency will be developed

3.5.4 Strata managing agents

The CPP406011 Certificate IV in Property Services (Operations) from the CPP07 Property Services Training Package will be the qualification requirement for a strata managing agent's licence. The Certificate must include the specified core units listed in Table 3.17, from the CPP07 Property Services Training Package. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

It should be noted that the Certificate IV requirement is different to what is currently required in the Australian Capital Territory and the Northern Territory. This qualification will only be required by new applicants and will have no impact on current licensees. See discussion later in this chapter. Attachment D includes an overview of current requirements.

Table 3.17: Qualifications for strata managing agents

Qualification for a strata managing agent	
Completion of CPP406011 Certificate IV in Property Services (Operations) including the following mandatory units from the CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4028A	Identify and analyse risks and opportunities in the property industry
CPPDSM4044A	Coordinate maintenance and repair of properties and facilities
CPPDSM4047A	Implement and monitor procurement process
CPPDSM4048A	Implement customer service strategies in the property industry
CPPDSM4063A	Participate in developing or establishing property or facilities contracts
BSBFIA402A	Report on financial activity
BSBRKG304B	Maintain business records
BSBSMB406A	Manage small business finances
CPPDSM3019A	Communicate with clients as part of agency operations
CPPDSM3017A	Work in strata/community management sector
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4034A	Assess and implement strata/community management agreement

CPPDSM4045A	Facilitate meetings in the property industry
CPPDSM4056A	Manage conflicts and disputes in the property industry
CPPDSM4074A	Select and appoint contractors in the property industry
BSBREL401A	Establish networks
CPPDSM4009A	Interpret legislation to complete agency work

3.5.5 Agent's representative

The qualification for an agent's representative is a statement of attainment comprising four units of competency from the CPP07 Property Services Training Package as shown in Table 3.18. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

It should be noted that the number of required units is different to what is currently required in all jurisdictions except New South Wales. This qualification will only be required by new applicants and has no impact on current licensees. Attachment D includes an overview of current requirements. See discussion later in this chapter.

Table 3.18: Qualification for an agent's representative's registration

Qualification for an agent's representative	
Statement of attainment comprising the following four units of competency from CPP07 Property Services Training Package:	
Unit code	Unit title
*	Work in the real estate and business broking industry
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4009A	Interpret legislation to complete agency work

* A new unit of competency will be developed that covers real estate and business broking work.

3.5.6 Real estate auctioneer

The qualification for a real estate auctioneer is a statement of attainment comprising three units of competency from the CPP07 Property Services Training Package, as shown in Table 3.19. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

The qualification is a change to current qualification requirements in most jurisdictions, particularly Western Australia and the Northern Territory where currently there is no qualification requirement. Attachment D includes an overview of current requirements. See discussion later in this chapter.

Table 3.19: Qualification for a real estate auctioneer

Qualification for a real estate auctioneer	
Statement of attainment comprising the following three units of competency from CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4004A	Conduct auction

Qualification for a real estate auctioneer	
Statement of attainment comprising the following three units of competency from CPP07 Property Services Training Package:	
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work

3.6 Experience

National licensing will not have any additional experience requirement. Requirements based on a national training package qualification should not need an additional experience requirement as the applicant has already been deemed competent to perform the work. See discussion later in this chapter.

3.7 Age requirement

National licensing will not have any age requirement. See discussion later in this chapter.

3.8 Skills maintenance (continuing professional development)

Skills maintenance (or continuing professional development) aims to manage consumer risk by providing licensees, who have general competence, with the means for responding to changes in practice and legislation and updates to standards and codes, to enrich their knowledge and skills and adopt new work practices.

When there is a specific education/information issue which may warrant a response from NOLA, it will work with the state and territory regulators to understand the issue and possible responses. The response could include strategies such as information provision, development of guidelines or one-off training requirements. The most appropriate option would be worked through with jurisdictions. There is agreement that ongoing CPD programs, including for example requirements for a certain number of hours CPD per year, would not be considered as part of this mechanism. The response would be aimed at achieving the desired outcome (ie. greater awareness of the issue) with the minimal level of burden. In cases of imminent public health and safety risk, there are also mechanisms to ensure urgent action can be taken. See discussion later in this chapter.

3.9 Licence periods

It is proposed that the National Law provide that licences may be granted for a period of one, three or five years, with the licence period selected by the licence applicant. The range of licence periods provides flexibility for individual arrangements. For example, applicants may wish to hold licences for shorter periods if retiring or planning to sell a business.

The Consultation RIS proposed one or three year licence periods for national licensing. Current licence periods range from one year to perpetual across jurisdictions. See discussion later in this chapter.

3.10 Licence fees

Determination of where fees are to be paid will be premised on the applicant's or licensee's primary jurisdiction. For an individual this will be person's place of residence, and a body corporate applicant will be premised on the jurisdictional location of the business. The cost of a licence will be determined by the applicable jurisdiction.

3.11 Rationale for proposed national licensing elements

The following subsections provide a rationale and evaluation of the consultation feedback and the impact on each of the elements of the proposed licensing model.

3.11.1 National licence categories

The following licence categories and endorsement are proposed for national licensing of property occupations;

- real estate agent
- business agent
- strata managing agent
- agent's representative
- real estate auctioneer

The model also provides the flexibility for a business to either provide a range of services or focus on specialised aspects of agency work.

A risk-based approach (based on identified consumer risks associated with the work) was taken during the development of the national licensing model for property occupations. COAG's best practice regulation principles were also considered during the policy development process. Attachment F provides an explanation of the risks associated with property work.

It is proposed that property management work will form part of the work of a real estate agent and an agent's representative, and this is a change in New South Wales, Victoria, Tasmania and the Australian Capital Territory where a separate licence category currently exists. Transitional arrangements will ensure that current licensees in these states and territory are not disadvantaged. In South Australia property management forms part of the work of a land agent, however a person only undertaking residential property management work is not currently required to be licenced. The South Australian government will need to consider the transitioning of these people to national licensing. See discussion below under agent's representative.

Stakeholder consultations

In general, there is broad support for the proposed licence categories. Support ranges between 71 per cent for the strata managing agent and up to 91 per cent for the real estate agent category.

A small number of submissions expressed the view that there should be a separate licence category for property managers. A number of the submissions claim that property management is the largest area of litigation and professional indemnity claims in the property industry and therefore needs licensing and education. However, as mentioned above, a separate licence category is not being proposed at this stage and the work will form part of the scope of a real estate agent and agent's representative.

There were also views expressed in favour of retaining a licence analogous to the existing 'stock and station' agent category in some jurisdictions to cover rural property and livestock sales. A large number of the template style submissions (totalling 284) expressed the view that not having a specialised licence for rural property work is an issue. A further 47 submissions did not agree with the scope of regulated work for a real estate agent including work relating to rural property. However, it appears that the majority of the concern is associated with the proposal in the

Consultation RIS regarding wider non-residential property work not being licensed, rather than rural property per se.

A small number of submissions supported a broad licence category that encompassed real estate agency work, business agency work and auctioning, similar to the Victorian Estate Agent's licence. A handful of submissions (less than ten), including the Real Estate Institute of Victoria, noted that Victoria currently offers a single licence for what will be multiple categories under a national licensing arrangement, and observed that the burden of multiple licences and fees would be felt by Victorian licensees. Administratively this issue could be managed with the issuing of a single national licence with the multiple categories noted on the document.

The Real Estate Institute of NSW expressed the view that agency work in connection with the transacting of water rights should be regulated. Currently, water rights transactions are frequently separated from transactions of land and usually in relation to rural property. Often the 'asset' can be across state borders and covered under different state-based legislation. If water rights were included under national licensing, complex legislative requirements would be simplified. It is proposed that NOLA could consider this area of work as part of its future reviews.

Following is a synopsis of the stakeholder feedback evaluation for the details of the licensing model for the property occupations, along with the rationale for the proposals. Where no evidence was provided to support any change to the proposed arrangements, this is noted.

Real estate agent

Real estate agents are currently licensed in all jurisdictions and continuation of this of this licence category under national licensing was strongly supported by 91 per cent of submissions. The risks associated with this work that warrant licensing include:

- the misappropriation of monies held in trust
- acceptable appraisals of property
- timely completion of sale or contracts

The current regulation of the property occupations in Australia has evolved as a way of protecting consumers of property agent services and mitigating the potential risks consumers face in entering into an agency relationship. The inclusion of the licence category would not incur an impact in any jurisdiction given that licensing already occurs for real estate agents.

Regulated work

The following main issues have been raised in relation to the regulated work for this category:

- the inclusion of non-residential property work
- an exemption from licensing for large non-residential property transactions
- an exemption from licensing for non-residential property transactions between related entities
- the inclusion of a separate licence for rural property (stock and station).

Each of these issues is discussed in turn below, along with any impact that may occur as a result of what is being proposed.

Non-residential property (commercial) work

Rationale

Non-residential property work, also called commercial agency work, currently forms part of the regulated work of a real estate agent in all jurisdictions, although some deregulation has occurred in some jurisdictions. Non-residential property is regarded as property that is used primarily for the purposes of industry, commerce or primary production.

While the residential market accounts for the majority of industry revenue, the commercial market is also a significant source of revenue. However, since fund managers and other financial institutions that own commercial properties can organise direct deals with buyers, real estate agents' services are not as influential in the commercial property industry³².

The Consultation RIS suggested that this sector does not fit comfortably within the usual consumer protection framework that underpins licensing of the property occupations. The transactions associated with commercial sales are usually of a business nature. The assessment of the risks involved in non-residential property transactions identified that there are few complaints to consumer protection agencies in relation to these transactions as it was thought that most parties are sophisticated consumers who are familiar with working in the industrial, commercial or primary production environment and, however, as this is a business arrangement, complainants would seek redress through legal action in relation to the contractual issues involved.

While the exclusion of non-residential property work is a responsible reduction in regulation for the higher end of the non-residential property market, it would also impact on sales at the lower end of the market, such as smaller business operators wishing to sell property used for industrial and commercial purposes, and many smaller rural property sales, where the property is used primarily for primary production.

Stakeholder consultations

All recognised form template styled submissions³³ identified the de-licensing of non-residential property sales as concern (284 of the 802 submissions). A further 175 independent submissions opposed the exclusion. Only 37 submissions were in favour or neutral toward this proposition, and the remaining submissions were silent.

In addition, feedback from information sessions and other industry consultations indicated strong opposition to the proposal.

Many stakeholders also expressed the view that deregulation of non-residential property work exposes consumers to a range of risks. Comments provided include:

'Whilst it can be argued that most parties are sophisticated consumers who are familiar with working in the industrial, commercial or primary production environment and able to seek redress through legal action in relation to the contractual issues involved, what cannot be measured is the current position afforded the consumer by having in place a licensing regime which affords all consumers protection.' (Australian Property Institute)

'If this model of National Licensing is introduced and deregulation happens, people in all jurisdictions who have had their licence suspended or cancelled for one reason or another, may enter the unregulated real estate business again, so long as they don't sell residential

³² IBISWorld Industry Report L7720 *Real Estate Agents in Australia* October 2012

³³ Form template submissions have been recognised by the use of very similar or identical submission structure and language, included with multiple submission in a single envelope, or email correspondence from a peak body attached to the submission which encourages a response.

real estate. This is alarming and unacceptable for the protection of consumers.' (Australian Livestock and Property Agents Association)

A number of stakeholders, including the Real Estate Institute of Australia, provided informative data on the monetary amounts for non-residential property sales, which was not available when the Consultation RIS was drafted. The data shows that the majority of sales are under \$1 million (and 97 per cent are under \$10 million). Table 3.20 below outlines the percentage of sales that are less than \$500,000, between \$500,000 and \$1 million and those sales higher than \$1 million in the financial year ending June 2012.

'RP Data has provided REIA with the following national statistics for commercial sales for the 12 month period ending 30 June 2012 which show that just under 70% of sales for commercial property are less than \$1m and that 45% are less than \$500,000.'

Table 3.20: Non-residential property data for financial year ending June 2012 showing the percentage of sales by monetary value

Monetary amount	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	National
Less than \$500k	46.0	31.1	28.7	47.8	44.1	50.0	56.0	45.0	44.9
\$500k-\$1m	23.4	28.6	28.4	27.4	23.9	16.7	24.0	20.1	23.9
Over \$1m	30.6	40.3	42.9	24.8	32.0	33.3	20.0	34.9	31.2

The majority of submissions that did not support the de-licensing of non-residential property work expressed the view that the buyers and sellers of non-residential property work were generally small investors and not necessarily experienced or sophisticated consumers. Table 3.20 appears to very much support this notion showing nearly 70 per cent of sales are less than \$1 million.

Conversely, some submissions supported the proposal not to license non-residential property work, notably the Shopping Centre Council of Australia and the Property Council of Australia. Nonetheless, both associations suggested that if non-residential property work was to be licensed in order to meet small investor and consumer risks at the lower end of the market, inclusion of a suitable exemption regime, for transactions between related parties and very large non-residential transactions by sophisticated investors should be considered.

Based on the evidence above and the strong support for inclusion, it is proposed that the regulated work of a real estate agent include the selling, purchasing, exchanging, leasing, managing or otherwise dealing of certain non-residential property transactions (see discussion below). Non-residential property work will also form part of the regulated work for an agent's representative and an auctioneer.

The impact of including the licensing of non-residential property work would be minimal as this work is currently included in the scope of work for a licensed real estate agent in all jurisdictions, and it has not been quantified for this RIS. It should be noted however, that there would be a benefit forgone, as identified in the Consultation RIS.

Excluding large non-residential property transactions

Rationale

In moving towards a licensing arrangement where non-residential property work is licensed, a need was identified to consider whether a licensing regime would be required for those operating in the high end of the non-residential property market.

The risks in large non-residential property transactions appear to be adequately managed through the general sophistication of clients and trajectories, such as legal contracts and agreements. Licensing would be unnecessary for this sector as owners of multi-million dollar commercial properties would most likely be professional property investment companies. These companies would be conversant in the business of understanding the risks of owning and investing in non-residential property assets. An exemption would mean that there would be no requirement to go through a licensed real estate agent for very large non-residential property transactions.

There have already been moves towards similar deregulation in other agency related occupations. For example, in Western Australia, the approach to exempting agency activities involving certain segments of the market has been adopted in the *Finance Brokers Control (Code of Conduct) Regulations*. The regulations describe:

'a person, who regularly engages in and is conversant with loans of money (secured or unsecured) and by the person's experience over a reasonable period of time, may be expected to fully appreciate and understand the risks involved and their consequences'

It further describes a 'sophisticated borrower' as:

'a person who must:

- *Have net assets of at least \$2.5 million; or*
- *Have a net income for each of the last two financial years of at least \$250 000 a year.'*

Stakeholder consultations

The Shopping Centre Council of Australia (SCCA) noted that, while it supports the removal of licensing for non-residential real property, if this were not to proceed:

'certain property owners should be acknowledged as "sophisticated property owners" (or "sophisticated consumers"), that is, persons who regularly engage in property management, leasing and sales and who therefore understand the risks and consequences that may be involved in such transactions.'

There has been general support for an exemption and some submissions and other consultation forums suggest a threshold based on a portfolio/net asset, and the *Corporations Act 2001* (Cwlth) is noted as a key point of reference to investigate in relation to developing a threshold. Section 708 of the Act uses the following threshold: *'professional investors' or persons who have or control gross assets of at least \$10 million'.*

Conversely, the Real Estate Institute of Australia has expressed a preference for a \$50 million net assets threshold. However, it could be very complicated for regulators to operate compliance around this type of threshold. Regulators would have difficulty ascertaining the status of a person's current portfolio.

Another alternative considered by the Interim OLAC is that an exemption could be granted to companies or organisations on application according to specific criteria. It was proposed that the responsibility for determining an exemption would not be delegated to the jurisdictional agencies, and applications would be processed centrally by NOLA to ensure a consistent application of the exemption.

A threshold based on a monetary value or exempting identified companies and organisations may be simpler to implement, as well as capture the intended area of the market. It is expected that any of the three options discussed above would have minimal cost impacts as the overall number of such transactions is not significant. For example, only 257 commercial property sales last year were above \$10 million.

It is proposed that the National Law allow for exemptions to be provided in the property regulations, so that large non-residential property transactions for a contract price of a prescribed amount and for an area greater than a prescribed area of property are excluded from the requirement to be a licensed real estate agent, agent's representative or a real estate auctioneer. This exemption will not cover rural property sales (which will require a licensed agent). The figure of at least \$10 million has been proposed as the base point for developing the prescribed monetary exemption, and an area of 10,000 square metres is proposed as the base point for the prescribed area. The impact of removing licensing for these large types of transactions would be minimal, given the small number of transactions above \$10 million and has not been quantified in this RIS.

Exemption for non-residential transactions between related entities

Rationale

An exemption is proposed for non-residential property transactions between related entities. When the vendor is a parent company and the agent is a subsidiary company (or party) this relationship is known as a related entity (or party). For example, employees of Westfield Shopping Centre Management, managing or leasing shopping centres within the Westfield Group, or employees of AMP Office and Industrial managing and leasing commercial offices on behalf of its related AMP Capital Investors would meet the related entity requirement. The IAC determined during the policy development that since the owner and the manager are related, no substantial agency relationship exists.

Currently in Victoria and the Australian Capital Territory, there is a limited exemption from the requirement for certain classes of corporations to hold an estate agent's licence where the agent and the client are related corporate entities such as a parent and subsidiary company. The report of the statutory review of the *Property, Stock and Business Agents Act 2002* (NSW) recommended that New South Wales adopt the Victorian and Australian Capital Territory approach of exempting agents who work for a related corporate entity given that no substantial agency relationship exists.

Stakeholder consultations

The SCCA supports the inclusion of this type of exemption and states in its submission:

'The reason the POIAC agreed to this exemption is that, since the owner and the manager are related, no substantial agency relationship exists.'

The SCCA further suggests in its submission that if non-residential property work is included and there is an exemption for property transaction between related entities the exemption should be expanded:

'the "related entity exemption" should be expanded to include large commercial property owners, who choose to use an external un-related agent for the management of their properties.'

However, this is purely a business arrangement and it would be difficult for regulators to monitor such an exemption without the specified boundaries.

An exemption from engaging a licensed real estate agent for non-residential property transactions between related entities has received full support from industry. Therefore, an exemption from the requirement to hold a real estate agent's licence or agent representative registration for non-residential property transactions between related entities is proposed, and the relationships could include;

- A subsidiary company on behalf of a parent company
- A body corporate on behalf of a related body corporate

- A trustee of a trust, or employees of a trustee on behalf of a trust
- A responsible entity of a registered managed investment scheme under the *Corporation Act 2001* on behalf of the registered managed investment scheme.

The impact of including an exemption from holding a real estate agent licence or an agent's representative registration for transactions between related entities has not been costed for this Decision RIS. The proposal is deregulatory where these types of business transactions are not within the regular consumer protection framework.

Separate licence for rural property

Rationale

The selling, purchasing, exchanging and leasing of rural property is proposed for inclusion in the scope of regulated work of a real estate agent.

Currently in New South Wales, Queensland and the Australian Capital Territory a licence is issued specifically covering rural property (and livestock) sales: either a stock and station agent (New South Wales, Australian Capital Territory) or a pastoral house licence (Queensland). In Queensland, a real estate agent can also sell rural property. In the remaining five jurisdictions, rural property work falls under the scope of a real estate agent, and where this occurs there is no evidence of market failure, that is, where markets do not produce outcomes which might necessitate government intervention.

The initial policy development work took into account the COAG best practice regulation principles when developing the licence categories for the property occupations and concluded that the risks associated with the rural and urban property work were the same and that a single real estate agent's licence could cover both areas of work, similar to what currently occurs in most jurisdictions. While the local knowledge required for the different environments would differ, the purpose of licensing is to address the risks associated with the relevant occupation.

Stakeholder consultations

As mentioned 1.2 above, 47 submissions did not agree with this proposal and supported a separate licence for rural property. There was a view expressed that the sale of a rural property is complex and very different to property sales in the urban environment. Most rural sales appear to be of a commercial nature rather than a residential house and/or land sale; however the inclusion of non-residential property work is likely to alleviate most of these concerns.

The term 'stock and station agent' has been used for a very long time, mainly in New South Wales, and views have been expressed that the occupation is associated with trust and respect in the local community. There is no reason why a 'real estate agent' working in the rural environment could not continue to use 'stock and station agent' in advertising material and the business name.

Given that the identified risks are the same for a real estate agent working in either an urban or rural setting, and an agent wishing to specialise in a particular field would acquire the required skills in the workplace, a separate licence for rural property sales is not recommended. See Attachment F for information on the risks associated with property work.

Business agent

A licence category for a business agent is proposed with no changes to the scope of regulated work proposed in the Consultation RIS.

Rationale

The licensing for the sale, purchase and leasing of businesses occurs in all states and territories, albeit in a number of ways. Victoria, Queensland, South Australia and Tasmania include this work in the regulated work of a real estate agent, while New South Wales, the Australian Capital Territory and the Northern Territory issue a stand-alone business agent's licence. In Western Australia the work is mostly combined with that of a licensed a real estate agent but a stand-alone licence can be issued.

Business agents assist buyers and sellers of businesses in the negotiation, sale and purchase process. While the sale or purchase of real property is often associated with the sale or purchase of a business, these activities are not part of the regulated work of a business agent. Information provided by the Australian Institute of Business Brokers Inc. indicates that the work of a business agent is essentially about the sale of business assets and covers both tangible and intangible assets and also includes:

- analysing the financial performance of a business
- understanding business concepts and small- to medium-sized enterprises
- understanding the implications of local and international economic issues
- appraising and valuing businesses and understanding complex valuation principles
- analysing financial statements
- understanding taxation implications.

The introduction to the CPP07 Property Services Training Package provides an overview of the business agent industry as:

*'An emerging specialised area in the property services industry which focuses on the valuation, acquisition, marketing, merging and selling of different types of businesses, such as news agencies, resorts, caravan parks, franchises and hotels. Business brokers require a mix of selling, marketing, administration, legal, financial and small business competencies. The diversity of skills required by business brokers, coupled with the fact that most agencies are small to medium-sized enterprises, has led to demand for flexible qualifications that address both the operational and managerial skill needs of the sector.'*³⁴

Stakeholder consultations

There is strong support for the inclusion of a business agent licence category. For example, 76.3 per cent of electronic survey respondents expressed support for this licence category and the associated regulated work, with only 10.8 per cent disagreeing. The remaining respondents registered neutral.

The Australian Institute of Business Brokers supported the inclusion of the licence category, stating:

'It is important that recognition be given to the fact that Business Brokers are primarily involved in the sale of leasehold assets, but there are a significant number of transactions where Business Brokers also sell the freehold component of the business (for example child care centres, motels, caravan parks, medical centres, petrol stations, hotels etc., plus freehold property associated with the sale of manufacturers and distribution businesses).'

Given the large number of submissions to the property occupations which did not raise specific concerns with the licence category, and the lack of strong arguments for any changes, it is recommended that a licence category for business agents is included in national licensing.

³⁴ CPP07 Property Services Training Package, Volume 1: Property development, sales and management sector, p. 85.

The proposed business agent licence category will be a change to current arrangements in Victoria, Queensland, South Australia and Tasmania and to some extent Western Australia. For licensees who wish to undertake both business and real estate agency work in these jurisdictions, while two licences would be required, this could be streamlined administratively through a single application, reducing any administrative costs. Hence, in terms of applying for and renewing their licence, the impact of separating real estate agents and business agents would be reduced because licensees would simply tick both licence categories on their application form. The estimated impact of this proposal is considered to be minimal and has not been costed.

Existing licensees in the jurisdictions that combine business agency work with real estate agency work will be transitioned to both a business agents licence and a real estate agents licence. For licensees who want to undertake both business and real estate agency work, while two licences, would be required, this could be streamlined administratively through a single application, reducing any administrative costs. Hence, in terms of applying for and renewing their licence, the impact of separating real estate agents and business agents would be reduced because licensees would simply tick both licence categories on their application form. The impact is expected to be minimal and has not been costed.

Separating the two licence categories does, however, have an impact on the level of qualifications required. New entrants will be required to complete the proposed separate qualifications if they wish to work in both sectors, and is discussed later in this chapter.

Strata managing agent

Rationale

Strata managing agents act on behalf of a body corporate or owners' corporation in the management of real property under a strata or community title scheme. A licence category for strata managing agents is proposed.

The concept of strata or community title schemes only came into being 50 years ago and there are now more than 270,000 such schemes encompassing more than two million individual lots across Australia. In Sydney strata titled property accounts for more than half of all residential sales and leases because of its popularity with investors. An increasing number of commercial and retail properties are also strata titled. In Western Australia there are even strata-titled vineyards³⁵.

The advisory committee recommendation for a separate licence category for strata managing agents with a qualification requirement was based on the potential risk of defalcation of funds held in trust by strata managing agents who hold can large amounts of money on behalf of a body corporate or owners' corporation. Other risks associated with this work include; errors in agency agreement, existence of conflict of interest, failure to arrange appropriate insurance and failure to declare a beneficial interest.³⁶

Submissions to the Consultation RIS received from strata industry associations were of the view that strata managers or owners' corporation managers are responsible for much larger funds held in trust than the amounts identified in the Consultation RIS for the other property occupations. See Attachment F for data on monies held in trust.

In September 2011 the Standing Committee on Public Administration tabled a report to the Western Australian Government in relation to an inquiry into strata managers. The Committee expressed great concern that in a significant area of the property market there is a dearth of accurate information about a group of property administrators who have a significant role. That role includes

³⁵ [Strata Community Australia – Strata Title](#)

³⁶ NSW Office of Fair Trading Educational Requirements for the Real Estate Industry – Consultation Paper – 2002

the management of funds and preservation of assets of an unknown percentage of proprietors of 231,088 strata titled units.³⁷

The Committee recommended that strata managers should be regulated by a system of positive licensing. Eligibility requirements for the granting of a license should include at a minimum:

- Educational qualifications.
- Demonstration that the applicant is a fit and proper person to hold a licence.
- An indication the applicant has sufficient financial and material resources available to enable them to meet financial and operational requirements.
- Current professional indemnity insurance³⁸

Eleven of the 27 submissions received by the Committee related to concerns about the process of management of strata company funds including:

- lack of provision of financial information;
- resignation by a strata manager when confronted with accounting questions; and
- a failure to get a satisfactory account for discrepancies of amounts between \$15,000 and \$32,000 in figures presented at a strata company annual general meeting³⁹.

Under strata or community title, individuals own a unit of the property in a building or collection of buildings. This is a growing segment of the property industry. There is also common property (external walls, windows, roof, driveways and gardens) which involves shared ownership by each unit owner. It is common practice for an owners corporation or a body corporate to employ a strata manager to manage day-to-day operations and management of the strata or community title scheme. The functions may include:

- operating trust accounts
- preparation and lodgement of business activity statements and tax returns
- administrative services
- arranging insurance valuations
- preparation and lodgement of insurance claims
- arranging insurance policies and renewals
- undertaking building inspections and producing relevant reports
- arranging for qualified contractors to undertake repairs and maintenance of the common property.

Strata managing agents are currently licensed in different ways in four jurisdictions: New South Wales issues a separate licence, in the Australian Capital Territory this work is authorised under a restricted real estate agent's licence or undertaken by a licensed real estate agent, and the Northern Territory this work can be undertaken by a real estate agent. Victoria takes a different approach to the other three jurisdictions in the way it registers appointed owners corporation managers. The occupation is not licensed in the other jurisdictions, and there is no evidence easily available to ascertain whether there is any market failure. Cases where misappropriation of funds occurs would

³⁷ [Report 13 standing committee on public administration report in relation to the inquiry into Western Australian strata managers, September](#)

³⁸ Ibid

³⁹ Ibid

not be captured by regular consumer protection agencies and it is therefore difficult to estimate the number of legal actions that have been taken against fiduciary funds. The Strata Community Australia's (SCA) submission supports this view and provided the following:

The lack of equivalent regulatory arrangements [in some jurisdictions] means there is also no hard data on the level of actual misappropriation of strata management funds such as claims on fiduciary funds. Anecdotally, those instances that have been reported have been small relative to the size of funds under management; there also have been some related claims on professional indemnity insurance.

At most of the consultation sessions for the property Consultation RIS, licensing of strata managers received strong industry support, even in the jurisdictions where licensing does not currently exist. The licensing probity requirement checks on a person's integrity and financial background is seen to ensure that a person is suitable qualified to manage trust accounts. In Victoria, for example, while there is no training requirement for an owners' corporation manager, a manager is required by the *Owners Corporations Act 2006* to act honestly, exercise due care, not act improperly, hold money in trust,⁴⁰ and hold separate accounts for each owner's corporation. The eligibility criteria includes: an age requirement, mental capacity and insolvency declaration and a requirement for professional indemnity insurance.

Stakeholder consultations

The inclusion of a strata manager's licence category and the associated regulated work was supported by 70.5 per cent of electronic survey with only 12.7 per cent disagreeing. Of those that provided additional comment there were no valid arguments for not including or amending the scope of regulated work. Strata Community Australia's (SCA) submission provided the following statistics about the growth in this sector of the property market:

'The 2011 Census found 23.5 per cent of households living in medium and high density housing types which are predominantly strata titled. ABS building approvals data for units and townhouses have in recent years consistently averaged around one-third of all new housing stock and more than half in some parts of Australia. Importantly in the context of this submission, the data also shows a long-term trend towards higher densities in larger and more complex developments which require significantly higher strata management skill levels.'

The use of strata titled or community titled property is a growing and emerging sector of the real estate industry and building complexes, such as high rise apartments, are a key area of significant growth in the bigger cities. The growth demand of the sector would impact on strata managers who would be managing substantial amounts of monies on behalf of unit's owners. The relative newness of the sector could be a factor of why no evidence has been provided on any market failure, and that complainants would not necessarily go through the normal consumer protection agencies. Given the large number of submissions to the property occupations which did not raise specific concerns with including this licence category, and the lack of strong arguments for any changes, it is recommended that a licence for strata managers is included in national licensing.

Under national licensing, the licence category for strata managers will not differ to what is currently available in New South Wales. There will be changes to current arrangements in the other

⁴⁰ In Victoria a manager of an owners corporation, professional or otherwise, holds money 'on trust' for an owners corporation. This means that all fees levied by an owners corporation must be paid into a bank account either in the name of the owners corporation or the manager. The owners corporation must keep proper accounts of all income and expenditure, prepare annual financial statements and present these to the annual general meeting. Larger owners corporations are required to have their accounts audited.

jurisdictions that license or register the occupation. A qualification change will occur in the Australian Capital Territory and a cost would be incurred by individuals; however, the Territory's government has yet to make a decision on whether a national licence will be issued for strata managers. The impact for the Northern Territory includes a separate licence category with a lesser qualification than is currently required and thus a benefit to licensees who choose to only operate as a strata managing agent. .

Registration of owners' corporation managers in Victoria will continue under the *Owners Corporation Act 2006* whose primary purpose is the management, powers and functions of the owners corporations, but also provides for the registration of owners' corporation managers, and will not be included under the national licensing regime at this stage⁴¹. However, if a national licence was to be issued there would be a cost to individuals with a qualification change.

Queensland, Western Australia, South Australia and Tasmania do not currently license strata managing agents and have indicated that a national licence will not be issued in these jurisdictions.

The inclusion of this licence does offer other jurisdictions that do not currently license strata managers, future opportunity to issue a licence that has an established eligibility criteria as this area of the property market continues to grow, along with the risks associated with this work.

Agent's representative

Rationale

An agent's representative is an employee of a licensed real estate agent or a licensed business agent (where licensed separately) who can perform the regulated work of the employer but must do so under supervision. It is considered desirable to retain a supervised level of licensing that exists in all jurisdictions (except Tasmania where a negative licensing system operates), albeit in different ways. The number of registrations is equal to almost half the total number of all licensees in the industry. Attachment G contains information on licensing data.

Agent's representatives make up a large sector of the real estate profession and work on behalf of property vendors (sellers). While the prime duty of care involves the client, who is in most cases the vendor, there is an obligation to be fair to all parties in a transaction. The general duties of an agent's representative include:

- *appraising properties, obtaining listings of properties for sale, marketing the property, seeking out and introducing buyers, offering advice on current market conditions, arranging and overseeing inspections, negotiating the sale and liaising with legal representatives*⁴².

Duties can also include the following property management responsibilities:

- *selecting tenants, collecting rent, arranging repairs, marketing the property, negotiating leases and rent reviews, advising on market rents and representing the property owner at tribunal hearings*⁴³.

While this work is undertaken through supervised arrangements other risks associated with this work, such as interpreting legislation to complete agency work, are addressed through identified training. Attachment G provides licensee data and Attachment F contains information on the risks associated with property work.

⁴¹ Owners' corporations will remain a state-based licence in Victoria; however, for fullness of information for Ministers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria. See Chapter 4 for impact analysis.

⁴² [REIA: Roles in the Real Estate sector](#)

⁴³ Ibid

Under national licensing, an agent's representative will not be able to operate an agency, and therefore the registration will not be available for corporations and partnerships.

The following issues have been raised in relation to the category and each are discussed in detail below:

- The registration process proposed in the Consultation RIS differs from the Victorian model, which is managed by employers.
- Currently in South Australia and Tasmania, the regulated work of an agent's representative level is broader and includes entering into a contract for the acquisition or disposal of a property or a business. The proposed scope of regulated work includes residential property management which is not currently included for this occupation in South Australia.
- As with real estate agents, there was strong support for the inclusion of non-residential property work in the scope of work for an agent's representative.

Registration scheme

All jurisdictions, except Tasmania, currently license or register the employee level, with the applicant required to meet a range of eligibility criteria usually including personal probity (verified by a police check) and qualification requirements. These applications are processed by the regulator, who makes a decision on the application and has responsibility for granting, refusing and renewing the licence or registration. Tasmania has a negative licensing arrangement under which employees are required to have specified qualifications and employers are required to maintain a list of employees⁴⁴. In Victoria, the onus for registration falls on the employer rather than the employee and no licence fee is paid to the regulatory authority. A Victorian applicant is required to submit evidence of completion of qualification requirements and a certificate from the chief of police. The employer assesses the evidence and advises the regulator if the person is subsequently accepted and employed. The employer is also responsible for:

- issuing a written authority to the agent's representative to act on the employer's behalf
- ensuring a person remains eligible for the period of the employment
- retaining copies of records relating to the agent's representative
- advising the regulator that a person has commenced or ceased to work for the agent.

The advisory committee considered that while there were benefits with the Victorian approach, it did not support the adoption of the approach. Employees are highly mobile and a requirement for employers to advise the regulator each time an agent's representative commences or ceases work would place a considerable burden on a real estate agent. In addition, adopting the Victorian model would mean that compliance and disciplinary action could not be funded by applicants' fees for registration.

Stakeholder consultations

Specific feedback was sought on the Victorian scheme in the Consultation RIS and 58.3 per cent of the 254 electronic survey respondents did not support the Victorian employer scheme, with only 22.4 per cent offering support and the remaining 19.3 per cent registering neutral. Other submissions did not offer particular views on either the Victorian or the proposed scheme.

While there may be some advantages to the Victorian model, it is a significant change to current arrangements in six jurisdictions that license or register the occupation through a regulator. The

⁴⁴ The Tasmanian government has indicated that it may adopt the national licensing agent's representative registration.

Victorian model shifts the majority of the burden to employers, with the requirement to advise the regulator each time an agent's representative commences or ceases work. In jurisdictions other than Victoria, fees paid to the regulator can fund compliance and disciplinary action procedures. For those individuals changing employer, it also creates an additional burden for re-registration not required under national licensing.

A large number of submissions to the property occupations did not raise specific concerns with the proposed registration approach outlined in the Consultation RIS. Given there was no strong argument for adopting the Victorian model, it is proposed that applications for agent's representatives registrations are processed by the regulator, who makes a decision on the application and has responsibility for granting, refusing and renewing the licence or registration. The cost for the change in arrangements for Victoria is an estimated \$0.01 million per annum or \$0.06 million NPV over ten years as at 1 July 2012.

Impact of the proposed regulated work in South Australia and Tasmania

The current scope of work for an agent's (sales) representative in South Australia and Tasmania is broader than the proposed scope of work under national licensing. For example, the drafting of contracts is within the scope of the licence.⁴⁵ Under the no disadvantage principle, current licensees could be transitioned to a conditioned national agent's representative licence which allows continuation of this area of work. However, new entrants would only be able to perform the regulated work proposed under national licensing.

A sales representative in South Australia may be appointed to manage a real estate business with the approval of the Commissioner for Consumer Affairs. South Australia may need a special transitional provision for those registered sales representatives managing a real estate business. However, new entrants would not be able to manage a real estate business under national licensing.

Conversely, South Australia includes commercial property management within the scope of work of an agent's (sales) representative, but residential property management is not included. People performing residential property management work must be employed by a licensed land agent. A real estate (land) agent is authorised to perform both residential and commercial property management. This work is proposed to be included within the scope of the property agent's representative under national licensing. The licence policy development process noted that while capturing the property management function may increase the regulatory burden in South Australia, there are advantages to individuals through the creation of improved career paths in the industry. It also assists with opportunities work in other jurisdictions without any barriers to mobility.

Stakeholder consultations

Given the large number of submissions to the property occupations which did not raise specific concerns with the proposed regulated work, or the lack of any strong argument for changes, it is recommended that regulated work remain as proposed in this chapter, along with the inclusion of non-residential property work. The proposed regulated work is largely similar to current scopes of regulated work for this occupation, and thus there will only be minimal impacts, if indeed any, in all the jurisdictions, except South Australia.

In regard to the impact of the regulated work, the South Australian government may need a transitional provision to identify current residential property managers and encourage any agent representative training requirement (up to 4 units) within a specified period and exempt those in this situation until they obtain a national licence (with or without completing training).

⁴⁵ A provision in the *Legal Practitioners Act 1981 (SA)* recognises the skills and training of sales representatives to allow this work.

Inclusion of non-residential property work

Agent's representatives carry out the work of a real estate agent under supervision. Since it is recommended that non-residential property work be included in the scope of work of a real estate agent it follows that non-residential property work will be included in the scope of work of an agent's representative.

Strata managing agent's representative

Registration of employees working for a strata managing agent (or owners' corporation manager) has not been proposed. Licensing of this work currently only occurs in New South Wales and the Northern Territory.⁴⁶

Stakeholder consultations

While there has been some support for the establishment of a registration system for strata managing agent's representatives in both the consultations sessions and a small number of the submissions, no evidence to support inclusion has been provided. Strata Community Australia (SCA) expressed the following view on this matter:

'While [this] may not be desirable in the short term, to the extent that it may reduce incentives to undertake entry-level training in NSW, we also note the limited access to any equivalent specialist training other than at the workplace in most other jurisdictions. SCA is expanding its capabilities in this area as well but in the context of a view that the licensee should be clearly and directly accountable for the conduct and competence of staff. Provision of appropriate formal training to new staff should be a clear requirement of the proposed conduct regulations for management and supervision when they are developed.'

Evidence provided by SCA highlights that the usage of strata titles is a rapidly growing sector of the property market and it is recommended that NOLA review the need to license or register strata managing agent's representatives in the medium term.

Real estate auctioneer

Currently all jurisdictions license auctioneers of real property, albeit in different ways.

- In New South Wales, Victoria and the Australian Capital Territory auctioneers are also real estate agents
- In South Australia an auctioneer is either a land agent or a sales representative
- In Tasmania if the property auctioned includes land a real estate agent's licence is required.

The auctioneer in the above jurisdictions has full responsibility for an auction through the real estate agent's or land agent's scope of regulated work.

- A separate licence is issued in Queensland, Western Australia and the Northern Territory⁴⁷ without a prerequisite of being a real estate agent, and the auctioneer is authorised to auction all property, including chattels and livestock.
- Also, in Queensland a pastoral house licence authorises the auctioning of rural land and a small number of non-rural land auctions per year, in addition to the sale of rural land.

⁴⁶ In the NT the registration of employees working for a body corporate manager is under legal review.

⁴⁷ In the NT the Agents Licensing Board has determined, having regard to legal advice, that a licensed auctioneer of real property is also required to hold a real estate agent's licence or registration as an agent's representative.

Auctioneers conduct auctions, in some cases on behalf of real estate agents, and as outlined above, can hold an agent's licence. The policy development process found that while an auctioneer may not necessarily be involved directly with risks associated with financial transactions, it is essential that they have a sound understanding of legislation, and therefore a unit of competency covering legal and ethical requirements of property sales is included in the proposed qualification requirements. It was also noted that currently auctioneers sign contracts on behalf of buyers in some jurisdictions.

A separate auctioneer licence category is proposed under national licensing and the scope of regulated work contained in the National Law is; *the auctioning of real property, on behalf of another person, for a fee, gain or other reward*. However, the real estate auctioneer would not be authorised to operate a trust fund; this will be the responsibility of the real estate agent.

Stakeholder consultations

The majority of feedback on the proposed licence category and scope of regulated work for an auctioneer of real property was supportive, with 55.6 per cent of the 214 respondents to the electronic survey indicating agreement. Only 12 per cent disagreed and the remaining 37.7 per cent registered neutral. A small number of submissions stated that an auctioneer should also be a licensed real estate agent. There was also support in some submissions for inclusion of rural property.

The proposal includes a narrower scope of regulated work than most current arrangements, and will have a cost impact on new licensees in the jurisdictions that issue an auctioneer's licence inclusive of real property, chattels and livestock. A person wishing to auction real property, chattels and livestock could be required to hold two licences in Queensland, Western Australia, Tasmania and the Northern Territory.

The licence category enables a person to practise solely as an auctioneer of real property, without the need to obtain other property qualifications, such as a real estate agent.

3.11.2 Nominees

The *Occupational Licensing National Law Act 2010* (National Law) provides that when a body corporate applies for an agency licence (real estate, business agent or strata managing agent licence), the applicant must nominate a nominee who holds the relevant licence for the licence being applied for by the body corporate. It is also proposed that the nominee must be a director of the company, or an employee.

Rationale

The requirement for a nominee addresses the issue of a business entity, in itself, being unable to possess technical skills and expertise. Agency licences will be available for real estate agents, business agents and strata managing agents. The requirement will assist the regulator with compliance and enforcement activities.

A body corporate may choose to have more than one nominee. A business requiring a nominee will be required to have a nominee at all times and will be required to notify NOLA if the business no longer has a nominee. In situations where the nominee is no longer employed or able to operate as a nominee, NOLA would have the discretion to authorise a business to operate for a set period with an interim nominee under prescribed conditions.

In all jurisdictions the introduction of nominees for licensed companies is a similar concept to current arrangements. While the term 'nominee' is not used each jurisdiction requires the identification of a licensed person in different ways. A principal licensee must be in charge of the agency business in Queensland. Western Australia has a requirement for a person in bona fide control for licensing firms and body corporates, plus stipulates the number of people constituting

the firm or body corporate who must be licensed. In South Australia, a body corporate must ensure that the agent's business is properly managed and supervised by a registered (licensed) agent. In New South Wales and the Australian Capital Territory a corporation must have at least one director who also holds an individual licence in their own right. A real estate business (corporation) must be managed by a licensed real estate agent in Victoria and Tasmania, and the Northern Territory requires a person identified as a business manager and this person must be a licensed agent.

There was substantial discussion among jurisdictions on whether the role of the nominee should be set out in the national licensing legislation and the extent to which a nominee should be responsible for the supervision of other staff carrying out the licensed work to an appropriate standard. As there are substantial differences between jurisdictions on the current role of 'nominees', it was agreed that the role should not be defined in the national licensing legislation or regulations, but will continue to be set under the separate state and territory legislation relating to the conduct of licensees and businesses. Therefore, the nominee must agree to hold the responsibility of nominee, as set out in the relevant jurisdictional conduct legislation.

Stakeholder consultations

There was strong support for a nominee to be identified when a body corporate or a person in their capacity as a member of a partnership does not hold the relevant technical skills (licence) applies for an agency licence; real estate, business agent or strata managing agent. Specific feedback was sought on the requirements for a nominee in the electronic survey and 49 per cent of respondents support the proposal with only 18 per cent disagreeing. A significant proportion of respondents (33 per cent) did not express an opinion. Paper based and template styled submissions did not offer a comment on a nominee requirement.

Based on the logic above, and the strong stakeholder support, it is proposed that when a body corporate does not hold the relevant technical skills (licence) applies for an agency licence, they will be required to nominate a nominee who holds the relevant technical skills. It is also proposed that the nominee will be a director or an employee.

As outlined above the requirement for a nominee will be a minor change in approach all jurisdictions. It is expected that the majority of business in the property occupations would already employ an existing licensee who could act as a nominee. A cost has not been included in this RIS; however, the extent of this cost is expected to be minimal and would not be likely to materially affect the results.

3.11.3 Exemptions

The National Law makes it an offence for an individual or business entity to undertake regulated work unless that individual or business entity holds a licence or is exempt. Identified classes of persons have been proposed as exempt from licensing and are listed earlier in this chapter.

Rationale

Exemptions are only applied when it is considered that the benefits of allowing the work to be done by unlicensed persons outweigh the costs associated with consumer risk (for example, A local government or local council leasing residential properties) or there are other regulatory controls in place (for example, a person who holds a financial services licence under the *Corporations Act 2011 (Cwlth)*). In the case of the regulated work for the property occupations, there are a number of professionals for whom the sale or lease of property is part of their ordinary duties and it was considered unnecessary that they be captured by a duplicative regulatory requirement.

An exemption from licensing is proposed for a person who is carrying out regulated work that consists only of leasing residential real property for less than three months. i.e. resident managers

for holiday lettings. Resident managers act as letting agents for those owners who choose to use the services of an on-site letting agent in short-term (holiday) and can also manage long-term let apartments in strata properties. Resident managers are currently only licensed in Queensland and New South Wales. Payments are usually paid by credit card transaction, thus the risks are minimal. Attachment F contains an overview of risks associated with the property occupations.

Stakeholder consultations

There was general support for the exemptions proposed in the Consultation RIS, and the inclusion of an exemption from licensing for the sale, purchase and leasing of non-residential property transactions between related entities. However, a small number of submissions expressed the view that the exemptions may be too broad. For example, the view was expressed that a financial practitioner undertaking business agency work should not be exempt from holding a business agent's licence. The exemption for an executor was also questioned by a respondent.

A handful of submissions argued that short-term letting arrangements of less than three months should not be exempt from a licensing requirement. The concerns are about the linkages licensing has with management rights contracts, and that the contractor can no longer satisfy the contractual conditions in short-term letting complexes. A confidential submission stated that:

'The ASIC Policy Statement 140 (PS140) sets out "what promoters and operators of serviced strata schemes must do to comply with the Corporations Law". Section 140.43 also exempts operators who are "licensed to conduct letting services under the law of a State or Territory.'

As mentioned above, the licensing of short-term letting is only regulated in New South Wales and Queensland. There has been no evidence to suggest there are any difficulties with complying with the *Corporations Act 2011(Cwlth)* in the jurisdictions that do not license this area of work.

The classes of person exempt from licensing proposed in the Consultation RIS received strong support and it is proposed that these will be included in national licensing. As discussed earlier in this chapter, the proposal for exempting non-residential property transactions between related entities will also be included.

3.11.4 Non-skills based eligibility requirements

Relevant person

The National Law also provides for the identification of a relevant person or persons for a body corporate and stipulates that they are subject to personal and financial probity checks. This aims to prevent a person from hiding behind a corporate structure, for example, where an individual has been banned from undertaking work in a licensed occupation and endeavours to use a corporate structure as a front to continue operating in the industry.

All jurisdictions current have a director identification check as part of the eligibility requirements for a corporation.

It is proposed that relevant persons for the property occupations are:

For a body corporate—

- (i) each director of the body corporate; and
- (ii) any other individual in effective control of the business of the body corporate;

For a member of a partnership, each member of the partnership.

A person in effective control of the business of the body corporate includes an individual who—

- (a) is regularly or usually in charge of the body corporate's business; or

- (b) is in a position to control or influence the conduct of the body corporate's business in a substantial way.

Stakeholder consultations

Stakeholders were invited to comment on the proposal that personal probity requirements should also apply to a relevant person. While submissions were silent on this issue, strong views were expressed about the personal probity arrangements and this is discussed below.

Given that feedback supports the proposal for relevant person and no evidence was provided which would suggest any changes, no change to the proposal is being recommended.

Personal probity requirements

The National Law makes provision for the personal probity requirements that will apply to an individual, and relevant persons for a body corporate and a partnership. The extent of the personal probity requirements applied is dependent of the licence category, as set out below:

All licences categories

- Matters relating to criminal history, which can include offences relating to dishonesty, offences relating to misleading and deceptive conduct, drug trafficking offences and offences against the person.
- Matters relating to an offence under section 9, 10 or 11⁴⁸ of the National Law.

Real estate agent licence, business agent licence, strata managing agent licence

- Matters relating to the conduct of a person in carrying out business, including, for example, matters relating to duties as a director of a corporation or the imposition of civil penalties or orders in relation to carrying out business.

Rationale

Probity checks occur in all jurisdictions; however the checks applied can differ in each jurisdiction. A person must be 'a fit and proper person' or a 'suitable person' to be eligible for a licence in all jurisdictions except the Australian Capital Territory. The jurisdictional legislations are not specific about the requirements are to be a 'fit and proper' person. In some cases this can be broad and include criminal history checks or disclosure of offences. Further to this, Victoria, Queensland, Western Australia and the Northern Territory also include checks for drug trafficking offences and offences of violence. Attachment A contains a concise overview of current licensing arrangements.

It should be acknowledged, however, that legal case history indicates that refusal to grant a licence on such grounds may be overturned on appeal to the courts, precisely because of the lack of direct connection between the offence and the carrying out of the occupation. There are social justice factors to be considered where a person is prevented from earning a livelihood due to past behaviour for which a penalty has been paid.

The criminal history requirements proposed in the Consultation RIS were only to the extent that there is a connection between the criminal history of the person and the inherent requirements of the occupation for which the person is an applicant, licensee, nominee or relevant person.

⁴⁸ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, S.9 Offences for carrying out certain work; S10 Offence for person to carry out regulated work unless licensed or exempt; S11 Offence to engage person to carry out regulated work unless licensed or exempt*

However, real estate agents and agent/sales representatives routinely enter customers' premises for the purposes of assessing value, conducting open home inspections and undertaking property management. In many cases, licensed agents also have access to keys for the properties they are managing. A recent newspaper article described how two real estate agents, who were involved in a multi-million-dollar drug ring, allegedly used rental properties they were managing to grow thousands of marijuana plants as part of an elaborate drug syndicate.⁴⁹

The Australian Transaction Reports and Analysis Centre (AUSTRAC) has produced the public *Money laundering in Australia* report to help counter money laundering through greater public and industry awareness. The report states that the crime of money laundering involves diverse and often sophisticated methodologies. It corrupts and intermingles with legitimate transactions in areas such as banking and finance, casinos and gaming, high-value assets like real estate and luxury vehicles, international trade, and international remittance and foreign exchange services⁵⁰. Money may be laundered through real estate by manipulating property values, mortgage and investment schemes, complex corporate vehicles and loan arrangements. In 2004 it was estimated that \$651 million worth of laundered funds were invested in real estate annually⁵¹. The National Law includes provisions⁵² for what is considered an offence under the National Law. The offences include; carrying out regulated work while unlicensed or not exempt, engaging a person to carry out regulated work who is unlicensed or not exempt, and advertising or offering to carry out regulated work while unlicensed or not exempt. It is proposed that these offences are taken into consideration under the personal probity requirement for applicants of agency licences; real estate agent, strata managing agents and business agents, who hold responsibility for employing licensed persons, and the advertising or promotion of the business and to ensure that a licence is not incorrectly renewed or issued by the regulator.

Stakeholder consultations

While 42 per cent of all submissions were silent on this issue, strong views were expressed by those that provided comment, particularly the Real Estate Institute Australia (REIA). The REIA, which made a submission on behalf of the seven state institutes, and the Real Estate Institute of New South Wales (REINSW), expressed strong disagreement with the proposal. These stakeholders wish to include drug trafficking convictions and offences in relation to violence against the person in the probity requirements. A number of others, in both the submissions and the consultations, strongly support the broader probity requirements.

Conversely the Business Council of Australia considers that the Decision RIS should recommend removing the personal probity requirements from the licensing schemes as it argues that these replicate protections offered under other laws.

As outlined above, all jurisdictions currently have probity check requirements. The inclusion of additional criminal history checks in relation to drug trafficking convictions and offences violence against a person for real estate agents and agent's representatives would have a minimal cost impact in the jurisdictions where this is not currently required. The cost of a criminal history police check does not appear to be affected by the scope of search.

⁴⁹ [Herald Sun: Real estate agents charged over multi-million dollar drug crop](#)

⁵⁰ [Money laundering in Australia 2011](#)

⁵¹ [AUSTRAC, John Walker and RMIT University, 2004, *The extent of money laundering in and through Australia in 2004*, Criminology Research Council, viewed 15 June 2011](#)

⁵² *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations*, S.9 Offence for person to carry out regulated work unless licensed or exempt; S10 Offence to engage a person to carry out regulated work unless licensed or exempt; S11 Offence to advertise or offer to carry out regulated work unless licensed or exempt.

It is proposed that:

- All licence applicants will be subject to criminal history checks in relation to offences relating to dishonesty, offences relating to misleading and deceptive conduct, drug trafficking offences and offences against the person; and checks for convictions of an offence under the National Law or corresponding prior Act in relation to carrying out unlicensed work within the last 5 years.
- Applicants for real estate agent, business agent and strata managing agent licences will be subject to checks for matters relating to the conduct of a person in carrying out business, including, for example, matters relating to duties as a director of a corporation or the imposition of civil penalties or orders in relation to carrying out business.

It is recommended that NOLA develop administrative guidelines to ensure consistency in applying probity requirements.

Financial probity

Rationale

It is proposed that an applicant for a real estate agent's licence, a business agent's licence and a strata managing agent's licence must meet both insolvency history requirements and not have any outstanding fines related to the occupation. An applicant for an agent's representative registration and a real estate auctioneer's licence under national licensing must also not have any outstanding relevant fines. The full description of the financial probity requirements are shown in Table 3.12 earlier in this chapter.

Currently all jurisdictions have financial probity requirements, which range from bankruptcy or insolvency history checks in all jurisdictions to checks for relevant unpaid fines in all jurisdictions, except Tasmania and the Australian Capital Territory. Attachment A contains a concise overview of current licensing arrangements.

Financial probity eligibility requirements aim to determine whether the financial integrity of the applicant is such that the risk for consumers in dealing with the licensed person is minimised. One of the aims of licensing of business entities is to protect consumers from those who have been involved in the mismanagement of business. As with personal probity, the regulator will have the authority to refuse a licence application if the set standards are not met.

Stakeholder consultations

There was strong support for the proposed financial probity requirements contained in the Consultation RIS. The analysis of the electronic survey responses indicates 48 per cent of respondents agree with the requirements, while 18.2 per cent disagree. Overall 42 per cent of the total number of submissions was silent on this issue.

Based on the logic above, the lack of evidence supporting change to the proposed arrangements, and the strong support for the financial probity requirements shown in Table 3.12, no change to the proposal is being recommended. The estimated cost of this proposal is considered to be minimal for Tasmania and the Australian Capital Territory and has not been costed.

3.11.5 Qualification-based eligibility requirements

All jurisdictions require qualification-based eligibility criteria for obtaining an occupational licence although requirements may differ in relation to which qualifications or units of competency are required and the licences to which they apply. The proposals for qualification-based requirements are included in Tables 3.13 – 3.19 earlier in this chapter.

The aim of setting eligibility requirements based on qualifications is to protect consumers from engaging practitioners who may deliver substandard service due to failure to reach a minimum standard of competence. For qualification requirements to be effective, they should target identified market problems. The main problems arising from property work were identified by the advisory committee and the Regulator Working Group (RWG) as arising from work practices that have the potential to lead to financial loss either through failure to maximise the sale price of a property, misappropriation of money held in trust or incompetent property management. It was agreed that requirements for competence in particular aspects of property agency work should relate strongly to the regulated work and reflect areas of identified risk to the public.

Key considerations in developing a proposal for skills-based eligibility requirements were:

- Australia's national vocational education and training system should provide the foundation for the requirements. The system comprises various elements that work together to ensure the quality and integrity of training and assessment services of registered training organisations across Australia. Nationally agreed training packages are part of the VET Quality Framework, which includes the Australian Qualifications Framework and the Standards for Registered Training Organisations. The system enables individuals to have national recognition of the qualifications and statements of attainment achieved.
- On 1 July 2011, the Australian Skills Quality Authority became the national regulator for Australia's vocational education and training sector. The authority regulates courses and training providers to ensure that nationally approved quality standards are met.
- In February 2006, COAG agreed to a new national approach to apprenticeships, training and skills recognition which acknowledged that national training packages provide a nationally consistent base for the skills-related requirements of most of the licensed occupations covered by the national system.
- The objectives of the Intergovernmental Agreement and the National Law include facilitating a consistent skill base for licensed occupations by using national training packages and skill sets as the basis for the skills-related eligibility requirements for licensed occupations in national licensing.

The National Law (section 3(b)) requires that:

'licensing arrangements are effective and proportionate to ensure consumer protection and worker and public health and safety while ensuring economic efficiency and equity of access.'

In other words, requirements for competence in particular aspects of property work should relate strongly to the regulated work and reflect areas of identified risk to the public. Where possible, eligibility requirements should be set at qualification level, and the level of qualification should be commensurate with the skills required for the specific regulated work. Where competency requirements are not neatly encapsulated in a qualification or where licensing involves a subset of regulated work, specific units of competency may be identified as a statement of attainment.

Stakeholder consultations

Throughout the consultation period, and following the release of the Consultation RIS, the Real Estate Institutes (REIs) have consistently stated that entry level qualifications should be set at the highest qualification applying in any jurisdiction, on the grounds of advancing consumer protection and industry professionalism. They perceived the proposed arrangements as 'dumbing down' the industry. The primary view presented in the feedback was the need to require licensed real estate agents to hold a Diploma rather than a Certificate IV, but the appropriate number of units of competency for an agent's representative and auctioneer also received the REIs' and members attention. Comments and support from other stakeholders to the qualification issue was low overall

with the Real Estate Institute of Australia (REIA) and the majority of the state institutes, the REINSW and members of these institutes raising the issue.

The Shopping Centre Council of Australia does not support a diploma requirement and states in its submission:

'It is concerning to us that the REIA would be prepared to impose further costs of up to \$15.5 million a year on around 80% of real estate licensees, while turning its back on costs savings of up to \$4 million a year for around 20% of real estate licensees.'

A significant number of submissions (at least 65 per cent) have remained silent on this issue, with over 250 respondents to the online survey declining to answer questions about entry level qualifications. While there was strong support for skill-based eligibility requirements, the proposed qualifications for some of the property occupations have drawn particular attention and this is summarised below.

Review of the proposed qualifications

The IAC recommended core units of competency that must be completed within each of the qualifications and also recommended a review of some units in order to fulfil the new licensing requirements. The IAC has also recommended the development of a couple of new units of competency. The Construction and Property Services Industry Skills Council has formed a project committee to oversee a review of the CPP07 Property Services Training Package in relation to the proposed national licensing requirements.

It should be noted that the national licensing qualification requirements will only be required by new applicants and will have no impact on current licensees who will be transitioned to a national licence.

The skills-based eligibility requirements for the property occupations are listed above in Tables 3.13 to 3.19. It should be noted that the units were identified by the IAC and the unit code nomenclature may have changed since this time.

Proposed qualification for a real estate agent

Rationale

The regulated work of a real estate agent means the *selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property work*. The identified risks associated with this work that could be mitigated by licensing include the safety of moneys held in trust, unethical or dishonest behaviour, poor quality of service and misrepresentation. The policy development process found that these risks could be covered by 21 identified units of competency should be included in the Certificate IV qualification proposed for the real estate agent's licence.

Currently real estate agents in Western Australia, South Australia, Tasmania and the Northern Territory are required to obtain a diploma for licensing purposes. The focus of the diploma level is that of business skills relating to the operation of an agency.

A Certificate IV is required in New South Wales and Victoria. Queensland and the Australian Capital Territory require completion of 19 and 18 units of competency respectively. There is no evidence of market failure in the four jurisdictions that require a Certificate IV or less. Attachment D includes a full description of the current qualification requirements.

Stakeholder consultations

The Certificate IV proposed as the appropriate entry level for a real estate agent met strong opposition from the REIA, its state branches, the REINSW and real estate agents. Nevertheless, a significant number of submissions (at least 65 per cent) have remained silent on this issue; with 265

of the 435 respondents to the online survey declining provide a response about entry level qualifications. However, of those that did respond through the electronic survey, 40 per cent of respondents support a Certificate IV, with 47.4 per cent disagreeing.

Tony Rowe of BPG training Pty Ltd suggests that:

‘Consideration could be given to a variation of the NZ model of additional units for those who seek to be Agency Principals/Managers, but a Certificate IV is sufficient for those who seek to be Licensed Real Estate Agents.’

The REIs are of the view that the entry level should be set at the diploma level, and the Real Estate Institute of Australia stated in its submission:

‘Some of these courses can arguably be regarded as providing general business management skills. Nevertheless, a properly functioning market in a licensed environment requires the operation of properly conducted businesses. If a business fails, the risk of defalcation is high. Given that real estate agents are dealing with the largest investment of the typical person’s life, the skills provided in the Diploma course provide a public benefit to the Australian community.’

No evidence has been provided to support a robust rationale for a real estate agent, in carrying out regulated work, to complete a diploma rather than a Certificate IV, for licensing purposes. The arguments expressed by the real estate institutes focus on the business risk associated with the operation of an agency. The additional business skills contained in a diploma are not directed related to the work being regulated and a requirement to hold this qualification would unnecessarily increase compliance costs and the time taken to complete the qualification. This is not consistent with Australia’s excellent ranking in terms of low cost and time requirements to start a business.⁵³

To introduce a diploma as the required qualification would mean that prospective entrants in New South Wales, Victoria and Queensland, where nearly 82 per cent of the industry is based, would incur additional training fees in excess of \$1,500 per person. There would also be a time cost for individuals. The Australian Capital Territory would also incur a cost as the current requirement is a mix of 18 units taken from the Certificate IV and a diploma. The overall national cost impact (in terms of fees and time) of this could be in the order of \$15.48 million per annum or \$100.63 million net present value (NPV) over ten years as at 1 July 2012.⁵⁴

It is proposed, therefore, that there be no change to the proposal for a Certificate IV contained in the Consultation RIS. The benefit to industry with a Certificate IV qualification requirement is estimated to be \$1.56 million per annum or \$10.17 million NPV over ten years.

Proposed qualification for a business agent

Rationale

The Property Services Training Package provides two specialised business agent qualifications: a certificate IV that covers the technical work functions required of operational business agents and a diploma that provides for managerial and supervisory occupational roles.

Although the Property Services Training Package identifies a specialised area of work for business agents, the regulatory approach taken by some jurisdictions has been to acknowledge the difference

⁵³ OECD 2012, *Doing Business 2012: Regional Profile: OECD High Income*, p. 12.

⁵⁴ The fees impact is based on data sourced from a range of registered training organisation websites. The time impact is based on the assumption that it takes 31 hours to complete a single unit. This assumption was used in the Consultation RIS and is used in the Decision RIS.

in the form of a licence category without supporting this distinction with a requirement for specialist training. New South Wales, Western Australia, the Australian Capital Territory and the Northern Territory license business agents with a stand-alone category; only New South Wales adopts a specialised training package qualification as an eligibility criterion. Victoria, Queensland, South Australia and Tasmania where business agency work is encompassed in that of a real estate agent only require a real estate agent's qualification, except for South Australia, which requires the completion of a specialised business agent unit of competency (CPPDSM4079A – Work in the business broking sector).

However, the policy development process identified that the work of a business agent is a distinct area of transactions with specialist skills and the risks associated with the work can be covered in the CPP40507 Certificate IV in Property Services (Business Broking). The policy development process identified nine units of competency, which will be included in the Certificate IV qualification proposed for the business agent's licence.

Stakeholder consultations

The analysis of the electronic survey indicates 40 per cent of respondents disagreed with a Certificate IV entry level for this occupation, while 36.1 per cent agreed it is appropriate. The remaining 24 per cent did not express an opinion. The Australian Institute of Business Brokers Inc. expressed the view that the proposed qualification should include a unit of competency specifically focused on contract law, and that this unit should also be included in the proposed skill set for a real estate agent wishing to also operate as a licensed business agent.

The Consultation RIS proposed a Certificate IV for business agents. While some of the respondents disagreeing with the Certificate IV proposed a diploma level or other non-specified qualifications, no evidence of risk was provided that supported an alternative qualification. It is, therefore, proposed that the Certificate IV is included as the qualification requirement for a business agent.

The introduction of a business agent licence category with specific qualifications is a significant change to the licensing requirements in Victoria, Western Australia, South Australia and Tasmania, and the Australian Capital Territory but does allow for specialised training. A prospective business agent will no longer be required to complete unnecessary training that focuses on property sales and management. The changes will only impact on new entrants to national licensing as existing licensees will be deemed to a business agent's licence and real estate agent's licences and will not be required to undertake any additional training.

The estimated cost of one additional unit for those who wish to do both real estate and business agency work is estimated to be \$0.06 million per annum (annualised over ten years), or \$0.40 million NPV over ten years as at 1 July 2012. This assumes that licensees would become real estate agents and then qualify to also hold a business agent's licence. While two additional units would be required to do this, advice on the likely structure of the proposed qualifications is that one of these units could be done as an elective within the Certificate IV already being undertaken for the real estate agent's licence.

The proportion of real estate agents who also undertake business agency work in the relevant jurisdictions is unknown.

The proposed nine units were not costed as the final packaging of the qualification has not yet been finalised.

Proposed qualification for a strata managing agent

Rationale

The policy development process identified the CPP406011 Certificate IV in Property Services (Operations) as an appropriate qualification for a strata managing agent and identified 17 core units of competency from the CPP07 Property Services Training Package that should be included in the Certificate IV for licensing purposes.

Current qualification requirements vary in the jurisdictions that license the activity of strata managing:

- New South Wales require a Certificate IV
- Victoria do not have a qualification requirement
- Australian Capital Territory do not have a qualification requirement for those only undertaking strata managing work (however, completion of 18 units of competency is required for a real estate agent who can also undertake this work)
- Northern Territory require a diploma (a real estate agent is authorised to do this work)

Attachment D contains an overview of current licensing arrangements.

However, members of the Interim Advisory Committee (IAC) agreed that there are concerns with the content and current packaging of CPP40609 Certificate IV in Property Services (Operations), and that the content should more closely reflect identified risks and the core functions of this occupation, such as the legislative and legal obligations.

The IAC was of the view that a core competency unit should include the identification and remedy of problems in common areas, such as stairwells and outdoor areas. The Construction and Property Services Industry Skills Council (CPSISC) will consider the IAC recommendations in its review of the training package to ensure that the qualifications align with national licensing objectives.

Stakeholder consultations

Thirty-one per cent of respondents to the electronic survey agreed with the Certificate IV proposed in the Consultation RIS, while around 35 per cent disagreed. The remaining responses were neutral.

The industry peak body Strata Community Australia (SCA) and other strata bodies, strongly supported the Certificate IV qualification proposed in the Consultation RIS. However, SCA noted that the proposed packaging of the Certificate IV should be modified, stating that consumer risks can be addressed through eight core units, rather than the proposed 17 core units. This would leave more units open as electives. As mentioned previously, CPSISC is conducting a review of the current training package and SCA is a member of the National Licensing Steering Committee (the Steering Committee) overseeing this project.

It is proposed that the Certificate IV CPP40609 Certificate IV in Property Services (Operations) is included as the qualification for a strata managing agent, with the core units yet to be identified. The qualification requirement will be a change to what is currently required in the Victoria⁵⁵, Australian Capital Territory and the Northern Territory, as noted above. The overall impact at a national level is an estimated cost of \$0.03 million per annum (annualised over ten years), or a cost of \$0.17 million NPV over ten years as at 1 July 2012.

⁵⁵ Owners' corporations will remain a state-based licence in Victoria, however, for fullness of information for Ministers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria. See Chapter 4 for impact analysis.

Proposed qualification for an agent's representative

Rationale

The Consultation RIS proposed five units of competency for an agent's representative, however further consideration identified that a statement of attainment containing four units of competency, as shown in Table 3.18 above would be the highest net benefit without compromising consumer risk. The statement of attainment will include a unit of competency that covers both real estate agency work and business broking work, and is yet to be developed by CPSISC. A person would therefore be trained to work in both sectors of the industry.

Current approaches to qualification requirements for agent's representatives differ considerably across Australia:

- New South Wales requires a skill set comprising four units of competency.
- Victoria requires a skill set comprising three units of competency.
- Queensland requires a skill set comprising either four units of competency (from a superseded training package) or seven units of competency (from the current training package).
- Western Australia requires seven units from the Certificate IV.
- South Australia requires 17 specific units from the Certificate IV.
- Tasmania operates a negative licensing system and there is an exam approved by the licensing board.
- The Australian Capital Territory requires five units of competency from the CPP07 Training Package.
- The Northern Territory requires 24 units from the Certificate IV.

The proposed scope of regulated work for an agent's representative in the National Law is:

'...real estate agency work or business agency work carried out-

(i) as an employee of, or otherwise for or by arrangement with, a person who holds a real estate agent's licence or business agent's licence; and

(ii) under the supervision of the person who holds the real estate agent's licence or business agent's licence.'

The legislation makes it clear that, while the representative may not be always under the direct supervision of the agent, the agent is responsible for the work of the representative. On this basis, a package developed for employees who work under the supervision of a licensed agent appears appropriate.

Impact from the proposed four unit statement of attainment

The reduction in the number of required units changes the entry level significantly in South Australia and the Northern Territory. As mentioned above, in South Australia the drafting of contracts is within the scope of work of a sales representative through a provision in the *Legal Practitioners Act 1981 (SA)* which recognises the skills and training of sales representatives at the Certificate IV level. However, it should be noted that the proposed skill set for national licensing includes the following legal units and these are included in the current training requirements:

- Identify legal and ethical requirements of property management to complete agency work.
- Identify legal and ethical requirements of property sales to complete agency work.

- Interpret legislation to complete agency work.

Stakeholder consultations

The proposed qualification for an agent's representative has met strong opposition from REIA, REI, the Real Estate Salesperson Association and real estate agents. The REIA submission states:

'...that it is in the consumer's interest that skills are "front-ended" – that is provided early to those wishing to participate in the property industry. Having an appropriate theoretical knowledge early, rather than picking it up as a career progresses, will lead to fewer errors which result in costs to the consumer and the business.'

REIA proposes in its submission a statement of attainment containing 18 units of competency (only six units less than the current requirement for a full real estate agent's licence in the four largest states). The REIA approach would result in increased requirements for agent's representatives in all jurisdictions, except for South Australia and the Northern Territory where there would be a saving. The overall national cost impact (in terms of fees and time) of this would be in the order of \$66.27 million per annum or \$430.89 million NPV over ten years as at 1 July 2012.⁵⁶

Nevertheless, the analysis of the electronic survey indicates that overall industry opinion favours the proposed skill set. A breakdown of the responses shows 44 per cent agreeing with the five unit skill set proposed in the Consultation RIS and 38 per cent disagreeing, while 18 per cent did not express an opinion.

There is no evidence of increased levels of market failure in the five jurisdictions which currently require seven units or less for an agent's representative. It is therefore proposed that a statement of attainment comprising four units of competency be the qualification requirement for an agent's representative. The overall benefit at a national level is \$12.27 million per annum (annualised over ten years), or \$79.76 million NPV over ten years as at 1 July 2012.

Proposed qualification for a real estate auctioneer

Rationale

The Consultation RIS proposed three units of competency as the qualification requirement for an auctioneer of property.

The category is based on the auctioneer conducting the auction only, and not being involved in the preparation and closure of the sale. The advisory committee was of the view that an auctioneer's training should include a unit of competency that specifies the outcomes required to meet the core legal and ethical requirements associated with property sales. It should also include awareness of the legislation relating to property sales, the role and responsibility of agency personnel in property sales, the administration of sales transactions and the completion of sales documentation.

Current licensing arrangements across the country are diverse and have significantly differing qualification requirements. The regulated work will not include the auctioning of chattels and livestock, and there will be no requirement to be a licensed real estate agent. Under national licensing, for licensees who choose to undertake both real estate agent work and auctioneer work, there would be no impact in terms of qualification requirements. These prospective licensees could undertake the qualification required for a real estate agent's licence and they would be able to complete the additional required unit(s) of competency for an auctioneer's licence within their

⁵⁶ The fee impact is based on the cost per unit outlined in Attachment G. The time impact is based on the assumption that it takes 31 hours to complete a single unit. This assumption was used in the Consultation RIS and is used in the Decision RIS.

Certificate IV. People who wish to undertake auctioneer work only, however, would benefit from no longer having to undertake unnecessary competencies associated with a real estate agent's licence.

The proposed qualification requirement will be a change to the all current requirements:

- New South Wales and South Australia require two units of competency
- Queensland requires five units of competency, and an experience requirement of five auctions
- Tasmania requires four units of competency
- Western Australia and the Northern Territory have no qualification requirement
- In Victoria and the Australian Capital Territory auctioning forms the work of a licensed real estate agent and there is no separate qualification requirement.

Stakeholder consultations

The proposed statement of attainment comprising three units for the auctioneer of real property is opposed by REIA and the Real Estate Institute of Victoria (REIV). REIA is proposing 12 units of competency in its submission. The analysis of the electronic survey submission indicates that broader industry views are evenly divided on whether the proposed three unit skill set is appropriate.

It should be noted that the proposed scope of work of the auctioneer proposed for national licensing is narrower than that which currently occurs in some jurisdictions. REIA and affiliates have not directly expressed disagreement with the proposed scope of work of an auctioneer, but the description of the work of an auctioneer contained in the REIA submission appears to be based on current practice rather than the proposal put forward for national licensing in the Consultation RIS. For example, under national licensing, as noted above, an auctioneer of property will not be involved in activities outside the conduct of the auction itself. Therefore, the coverage of the additional qualifications proposed by REIA is considerably in excess of the proposed scope of the regulated work of an auctioneer. If 12 units of competency were required under national licensing, the overall national benefit (in terms of fees and time) would be minimal, that is in the order of \$4,000 nationally per annum or \$0.03 million NPV over ten years as at 1 July 2012. This contrasts with the proposed statement of attainment comprising three units, which would result in an overall national benefit of around \$0.35 million per annum, or \$2.31 million NPV over ten years as at 1 July 2012.⁵⁷

Given no robust evidence was provided to support a change to what is proposed, the proposal for the three unit statement of attainment contained in the Consultation RIS should be included in national licensing.

The qualification is a change to current qualification requirements in most jurisdictions, particularly Western Australia and the Northern Territory where currently there is no qualification requirement. In Queensland and Tasmania there will be a reduction in the number of required units, while an increase will occur in New South Wales and South Australia. The separate qualification requirement is a change to current arrangements in Victoria and the Australian Capital Territory where the training is encompassed in the real estate agent's licensing requirements.

However, a licensed real estate agent wishing to gain an auctioneer's licence under national licensing will only be required to complete the unit of competency covering conducting an auction, as the other two units of competency would have been completed as part of the qualification requirements for the real estate agent's licence. The percentage of potential future auctioneer

⁵⁷ The fee impact is based on the cost per unit outlined in Attachment G. The time impact is based on the assumption that it takes 31 hours to complete a single unit. This assumption was used in the Consultation RIS and is used in the Decision RIS.

licensees who would only do auctioneer work under national licensing is unknown. However, the overall benefit of changes in qualification requirements for auctioneers is assumed to be \$0.46 million per annum (annualised over ten years), or \$2.98 million NPV over 10 years.

Experience requirement

It is not proposed to include any additional experience requirement in national licensing.

Rationale

Currently, in Victoria, Western Australia, Tasmania and the Australian Capital Territory it is a licence requirement that an applicant for a real estate agent's licence, and where relevant, a business agent's licence, has a specified level of experience.⁵⁸ This means that licensed agent's representatives who wish to obtain an real estate agent's licence must have a level of experience in the industry before being granted a licence (generally between one and six years, depending on the jurisdiction). Western Australia and the Australian Capital Territory also require an agent's representative or sales representative to have an experience requirement.⁵⁹ Queensland has an experience requirement for an auctioneer's licence, which is to conduct five auctions as a trainee under the supervision of a licensed auctioneer.

The majority of the advisory committee agreed that experience would not be required under national licensing arrangements. This was consistent with COAG's agreement in 2006 that competency-based arrangements should be sufficient for qualification purposes and that time-based arrangements provided a variable and uncertain measure of the achievement of skills. A national training package qualification should not need an additional experience requirement as the applicant has already been qualified to do the work.

The estimated benefit of this proposal would be \$0.71 million per annum or \$4.61 million NPV over ten years as at 1 July 2012.

Stakeholder consultations

During the public consultation there was a strong industry and stakeholder view that there should be an experience requirement as part of the eligibility requirements for real estate agents, business agents and strata managing agents, particularly as the licence allows the person to operate a business. While the Consultation RIS did not seek specific feedback on an experience requirement a small number of submissions provided comment on the issue, including the REINSW as follows:

'There should be a requirement for a minimum 12 month's working experience as a pre-requisite to a certificate-holder becoming a licensee. Practical experience is an invaluable component.'

As noted above, eligibility requirements based on a national training package qualification should not need an additional experience requirement as the applicant has already been deemed competent. A 12 month experience requirement would be a considerable barrier for new entrants to the industry.

Given the competency-based training system, which should deliver graduates with the prerequisite hands-on skills, it is proposed that there be no experience requirement for property occupations under national licensing.

⁵⁸ Based on the mapping exercise undertaken by the National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.

⁵⁹ Ibid.

Additional testing

The Consultation RIS sought specific feedback on any current additional testing practices that should be considered under national licensing.

Stakeholder consultations

The analysis of the electronic survey submissions indicates that there is not strong support for additional forms of testing. Twenty three per cent of the 169 respondents to this question indicated that there are other forms of additional testing that should be included. The majority of those that provided additional comment were supportive of the inclusion of mandatory continuing professional development, which is discussed below. Thirty per cent of respondents indicated that there was no other testing that should be considered, and 44.4 per cent registered neutral. Over half of the total number of respondents skipped this question. All other submissions did not provide a specific response to the question.

As with the rationale for not including an experience requirement, qualifications based on a national training package should not need an additional testing requirement as the applicant has already been deemed competent. It is therefore proposed that there be no additional forms of testing included in national licensing.

3.11.6 Skills maintenance (or continuing professional development)

Rationale

Skills maintenance, or continuing professional development (CPD) as part of licensing eligibility criteria, is the requirement for licensees to undertake additional training each year beyond that required as part of the original eligibility and competency requirements for their licence. It is intended to ensure that existing licensees maintain skills currency, particularly where technology, standards or practices change. It is often based on a specified number of hours or points to be obtained each year. Mandatory CPD aims to manage consumer risk by providing licensees with the means for responding to changes in practice and legislation and updates to standards and codes, enrich their knowledge and skills, and adopt new work practices. It is separate to voluntary skills maintenance, which is usually undertaken by licensees to improve their skills or gain a form of accreditation which has market advantages and is frequently encouraged through professional associations.

Including professional development as part of the eligibility requirements for a licence can represent an unwarranted burden on licensees and business where the training provided is not required, but undertaken simply to meet the regulatory requirement or where systems arise to exploit the requirement. Mandating continuing professional development is not proposed for inclusion in the licensing arrangements for the property occupations. Instead, when there is a specific education/information issue which may warrant a response from NOLA, it will work with the state and territory regulators to understand the issue and possible responses. The response could include strategies such as information provision, development of guidelines or one-off training requirements. The most appropriate option would be worked through with jurisdictions. There is agreement that ongoing CPD programs, including for example requirements for x hours CPD per year, would not be considered as part of this mechanism. The response would be aimed at achieving the desired outcome (i.e. greater awareness of the issue) with the minimal level of burden. In cases of imminent public health and safety risk, there are also mechanisms to ensure urgent action can be taken.

Currently mandatory CPD exists in New South Wales, Western Australia, Tasmania and the Australian Capital Territory. However, during the policy development process, the majority of IAC members did not support CPD as a licensing eligibility requirement, particularly for renewal of

licences. While there was strong support for the concept of CPD, it was recognised that the training required would not always be aimed at addressing consumer risk and that in such instances it would be an additional unwarranted burden on all licensees. This view was supported by evidence of how such requirements had been applied over time in jurisdictions where CPD is currently mandatory. There can be significant ongoing costs to both practitioners and regulators.

Stakeholder consultations

The Consultation RIS did not include a specific question on the skills maintenance proposal. However, it was raised in 12 electronic survey submissions, all of whom were in favour of inclusion. The Real Estate Institute of Australia (REIA) has raised strong concerns on the proposal not to include mandatory CPD. REIA and individual real estate agents also expressed concerns at the consultations sessions and in other consultative forums.

REIA's submission cites the introduction of mandatory CPD in Western Australia in 2007 for agents and 2009 for sales representatives as a case where CPD has benefited consumers. While the overall complaints to the Real Estate Institute of Western Australia (REIWA) numbered 196 in 2009 (mainly in relation to property management) there was a substantial drop to around 58 in the following years up to 2012. REIA holds the view that the reduction in complaints is a result of the introduction of mandatory CPD in Western Australia.

REIA's submission also refers to the introduction of mandatory CPD in New Zealand and believes that the Real Estate Agents Authority of New Zealand (the REAA) approach is one that would lead to the highest level of professionalism in Australia and is of the view that CPD forms an integral part of this approach.

The introduction of mandatory CPD in New Zealand commenced in January 2012, and 95 per cent of licences are renewed in March 2013. The REAA has advised it would be too early to ascertain if there has been a benefit as a result of the introduction.

The REIA have argued for a mandatory ten hours of CPD. This would be a major cost for individuals in Victoria, Queensland, South Australia and the Northern Territory, where CPD is not currently required, and an increase on existing CPD requirements in New South Wales, Tasmania and the ACT. Western Australia currently requires ten hours CPD and there would be no change. The cost of implementing the REIA proposal would be substantial. The overall national cost impact (in terms of fees and time) of the REIA and REIV proposal would be in the order of \$49.8 million per annum or \$323.77 million NPV over ten years as at 1 July 2012.⁶⁰ These cost impacts do not take into account the travel time associated with attending CPD courses, which would be a further cost to individuals.

Other submissions, for example the Shopping Centre Council of Australia and SCA, expressed a view that the industry should seek to drive its own professional development agenda, and focus on quality, relevant development opportunities.

A targeted approach to professional development, which is responsive to industry and government and is mandated only to the extent required to achieve its objective. The Occupational Licensing Advisory Committees (OLAC) and associated RWGs would be the mechanism for industry and regulators to provide advice to NOLA on the most appropriate option for responding to any change in the market. The response could be one of a suite of options that could include information provisions such as fact sheets, or alternative delivery mechanisms e.g. communications by industry associations or information sessions by regulators. A set of guidelines based on the OLAC advice

⁶⁰ CPD training times are based on the number of hours currently required as specified in Attachment G. In jurisdictions which currently require CPD, the potential future increase in fees per course, which would occur in moving up to ten hours, is uncertain and has therefore not been quantified. In jurisdictions where CPD is not currently required, the fees payable for a ten hour CPD course are an average of the existing fees payable in the jurisdictions that do require CPD.

would be developed to ensure that professional development requirements are appropriately targeted.

It should be noted that the industry also has the capacity to attract property licensees to its CPD courses through linking attendance at courses with professional membership of the state real estate institutes. In Victoria, for example, REIV currently delivers robust CPD programs which are a condition of membership.

In view of the substantial costs and the range of existing CPD options available, and the limited evidence of the effectiveness of mandatory CPD, it is not proposed to include mandatory CPD requirements in national licensing. The removal of mandatory CPD has an annual benefit of approximately \$37 million.

3.11.7 Age requirement

Currently, all jurisdictions except South Australia and Tasmania stipulate an age requirement of 18 years for applicants of real estate agent licences, and in some cases an agent's representative registration or licence. National licensing is not proposing an age requirement.

The availability of vocational training in high schools and college could enable a student to commence, and complete, the required training for an agent's representative while still attending school. The student would not necessarily be 18 years of age, and should not be discriminated by their age. The removal of the requirement would reduce barriers to licensing and benefit new licence holders.

Stakeholder consultations

The Consultation RIS did not specifically seek feedback on a minimum age requirement. However, a small number of submissions raised this as an issue, including the REIA. Most of the respondents expressed a similar view to the following: *a minimum age limit should be set; otherwise minors (under 18 years) can be an agent, which is irresponsible.*

REIA's submission states:

'Salespersons and property managers have the contractual and legislative responsibility to achieve an outcome that provides maximum financial return to clients with the minimum risk to consumers. It is questionable as to whether a 14 or 16-year-old would have the knowledge, experience, professionalism or indeed the legal capacity that is expected in a real estate transaction.'

Age does not necessarily provide knowledge and experience; an applicant for a real estate agent's licence could be over the age of 18 years and not have any experience in the real estate market. However, the common law and the laws of various states and territories restrict the ability of persons under the age of 18 years to enter into enforceable contracts, and therefore a person younger than 18 years could be limited in the sign-off processes for the sale of a property or a leasing arrangement. In some jurisdictions, age limits of 17 years already apply. Given the broader legal protections, it is not proposed to put specific age restrictions in place for national licensing. The impact of this proposal is expected to be minimal and has not been costed.

3.11.8 Licence periods

Rationale

The proposal in this Decision RIS is one, three or five year licence periods, offering flexible arrangements for all licensees.

Currently licence periods range from one year in most jurisdictions, with the option of choosing a three year period in some of these jurisdictions, except Tasmania where there is a perpetual licence period.

The periods for which a licence is offered can impact on costs, as longer licence periods require fewer applications and therefore less regulatory effort than shorter ones. However, to introduce a longer licence period of over five years can come with risks to consumers that include renewal probity checks not occurring within reasonable timeframes and the licence register containing out-dated licensee data.

While the most benefit could be obtained, theoretically, by increasing the licence term to an even longer period, or by making a licence permanently valid, in practice a regular renewal period has a number of benefits, although they are not easily quantifiable. These include ensuring the contact details for each licensee are kept up to date, which is essential for compliance practices, providing the regulator with the opportunity to remove records for those no longer holding a licence to carry out regulated work, so that number of licensees can be monitored and allowing for periodic checks on the currency of requirements such as personal and/or financial probity. It provides a set point at which licensees can be provided with information on changed requirements or standards, which may necessitate professional development or other activity and it provides a revenue stream to reimburse regulator activity

Although a 10 year licence period and a perpetual licence have benefits of \$10.34 million and \$12.68 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a more regular renewal period mean that, on balance, a choice of 1, 3, or 5 years is the preferred longer licence period option.

For the purposes of illustrating an estimate of the direct benefit for the licence period, the benefit associated with the 5 year term is presented as it provides the highest potential quantified benefit of the licence periods in the preferred option. However, the flexibility in licence terms will provide licensees the option to choose the period which maximises the benefit in their individual circumstances. The net quantifiable benefit of the 5 year period is \$8 million (annualised ongoing impact).

Chapter 4 includes an impact analysis of a range of alternative periods, and determines if all licensees choose the proposed five year periods, licensees in all jurisdictions other than Tasmania would benefit from renewing their licence less often.

Stakeholder consultations

The Consultation RIS proposed licence periods of one or three years as this reflected the average period currently offered by jurisdictions, and it specific sought feedback on one, three and five year licence periods for agency licence and non-agency licences (agent's representatives and auctioneers).

Opinions on suitable licence periods seemed fairly evenly distributed between the one, three and five year options for both licence types, with three years being marginally the most popular.

Subsequent evaluation of the electronic survey responses indicated that over a third (38 – 44 per cent) of those who responded to the question supported a 3 year licence period for all licence categories. A quarter of responders (25 – 28 per cent) supported a 5 year licence term for all licence categories, with the remaining preferring a one year licence term. Two hundred and sixty seven of the 435 electronic survey submissions did not provide a response to the question. The key industry associations

Personal situations vary. A licensee may be planning to retire and only need to renew a licence for a three year period. Or a person selling their business may not require a licence period longer than one year.

It is therefore proposed that a flexible approach that best meets the needs of individual licence holders by offering licensees a choice of one, three or five year licence periods be included in national licensing.

3.11.9 Other licensing areas for consideration

The COAG guidelines state that in providing advice for decision makers, the option that generates the greatest net benefit for the community, taking into account all the impacts, should be presented as the preferred option. These guidelines make the commitment to establish and maintain effective arrangements to maximise the efficiency of new and amended regulation and to avoid unnecessary compliance costs and restrictions on competition. Decisions about whether regulatory action is in the public interest should be informed by an assessment of the effectiveness of the proposed action in meeting the identified objectives.

The preferred model is that selected after balanced consideration of all factors: it focuses on the economic cost and benefit but also takes into account appropriate risks and the impact on existing industry practices, competition impacts, including those on niche markets.

Licensing for the auctioning and sale of livestock is not included in the preferred model as there has been limited evidence to support the inclusion of these categories in the preferred model of national licensing, based on an assessment of the potential risks of not licensing these areas of work. However, stakeholder submissions strongly support the maintenance of existing arrangements as auctioning and sale of livestock are regarded as important elements of rural agency work.

The following discussion is included to allow for fullness of information for decision makers to make a decision on whether the auctioning and/or sale of livestock should be included in national licensing.

Livestock auctioneer

Rationale

The auctioning of livestock is currently regulated in five jurisdictions, as shown in Table 3.21. (The sale and purchase of livestock is discussed below.)

Table 3.21: Overview of current licensing arrangements for auctioning of livestock

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Auctioning of livestock	y		y	y		y		Y

The way in which the licensing arrangements are structured varies across jurisdictions:

- New South Wales: there is no separate stock auctioneer licence category but an endorsement placed on a stock and station agents licence.
- Queensland, Western Australia and the Northern Territory: an auctioneer’s licence authorises the holder to auction any property including livestock.
- Queensland authorises the holder of a pastoral house licence to auction livestock
- Tasmania: a general auctioneering licence is required to auction any property that does not include land (real property). If the property auctioned includes both real and personal property, a real estate agent’s licence is required.
- Victoria, South Australia and the Australian Capital Territory do not require a licence to auction livestock.

The potential area of risk is the handling of money, and the way in which this is regulated also varies across jurisdictions. A range of regulatory arrangements exist covering the management of trust and bank accounts. However, in the jurisdictions where there are no legislative controls in place in regard to the handling of money, there was no evidence of market failure.

The Consultation RIS did not include a proposal to license the auctioning of livestock. While it was recognised that the auctioning of livestock can involve the transfer of substantial amounts of money, it was determined in the policy development process that the associated risks are minimal. The buyer and seller generally have a high level of business acumen in relation to this type of transaction, and this is a business transaction that occurs on a regular basis. The transaction is not a one-off occurrence, such as a person selling their home or small business.

The risks of fraud appear to be minimal as any mismanagement of funds would significantly affect a person's reputation. The Queensland Review of Regulatory Reform (Phase 2) – *Property Agents and Motor Dealers Act 2000* found that:

*'...the livestock industry is a mature business-to-business industry. Property agents are based in rural areas and have ongoing contact with clients on a wide range of matters. Livestock auctioneers and their clients are very well known to each other with relationships spanning years and even generations. Livestock buyers are mainly professional buyers purchasing livestock on behalf of abattoirs.'*⁶¹

The advent of online auction saleyards appears to be a growing alternate for livestock sellers and buyers. The attraction to use such services includes the absence of additional transport arrangements and yard fees, and a reduction in administration costs. A number of sites⁶² now offer online services for the sale and auctioning of livestock. The 'auctioneer' can be located in any jurisdiction. Purchasers pay the service provider, after which the vendor is notified that they may release their sold stock to the purchaser. It is probable that the proportion of online auctions will increase significantly over the next ten years.

Deregulation of this area of work has occurred in Victoria and South Australia, and there has been no evidence of market failure in these jurisdictions.

Stakeholder consultations

The analysis of the submissions indicates that 356 of the 802 submissions expressed views in favour of the inclusion of livestock sales in the scopes of regulated work of a real estate agent and/or an auctioneer. Strong views were expressed by rural estate agents that if this area of work is not licensed, the associated probity checks that ensure the integrity and competency of a livestock auctioneer will not occur. The Australian Livestock and Property Agents Association (ALPA), which represents rural property and livestock sector advises that \$11 billion per annum of livestock sales are at risk asserting that:

'These untrained, unregulated and unlicensed people will have access to billions of consumer dollars with no trust account protection or regulation. Essentially anyone could enter the [non-residential real estate] market tomorrow if entry standards and licenses are excluded for this area of practice.'

SAFEMEAT, which is a partnership between the meat and livestock industry peak bodies and the state and federal governments and its secretariat, also stressed the importance of the probity

⁶¹ Report on the Review of Regulatory Reform (Phase 2) – *Property Agents and Motor Dealers Act 2000* Queensland Government 2008, p. 52.

⁶² Examples of online livestock auction service providers [AuctionsPlus](#); [Saleyards](#); [Online Livestock](#);

requirements embedded in licensing, and expressed support for the inclusion of auctioning of livestock in national licensing:

‘SAFEMEAT acknowledges that not all jurisdictions have licensing or registration requirements for agents. However, SAFEMEAT’s position is that there are safeguards inbuilt to a licensing requirement, particularly where it involves a fit and proper person assessment and where conditions relating to probity, ethical behaviour and integrity are imposed in the granting of a licence.’

While the introduction of a separate licence category would be slight increase in regulation in some jurisdictions it would address the strong stakeholder feedback related to the consumer risks and associated probity concerns.

The following is proposed as the scope of regulated work for a livestock auctioneer if a decision is made to include this work in national licensing.

Proposed regulated work for a livestock auctioneer and definition of livestock	
Livestock auctioneer	Auctioneering work means the auctioning of livestock, on behalf of another person, for fee, gain or other reward.
The definition of livestock means—	
(a) horses, cattle, sheep or swine; or	
(b) any other animals prescribed by the national regulations.	

As mention above, not all jurisdictions license the auctioning of livestock and to include this work with that of a real estate auctioneer would introduce licensing for the auctioning of livestock in Victoria and South Australia where this is not licensed work. A separate licence category would be a change to current arrangements in Queensland, Western Australia, Northern Territory and to some extent Tasmania. A person wishing to auction both real property and livestock would be required to apply for the separate national licence categories, as well as holding a chattels licence in some jurisdictions. This process could be simplified through a single application for the national licence categories and the issuing of a single licence card, thus reducing costs to individuals.

This work is currently licensed in five jurisdictions; the cost of including this category would be minimal and has not been quantified in this RIS. However, it is not determined which jurisdictions would pick up the national licence.

Proposed qualification for a livestock auctioneer

Rationale

If a livestock auctioneer licence category is included, the following single unit of competency that aligns with the regulated scope of work and focuses on conducting a livestock auction is proposed, as shown in Table 3.22.

Table 3.22: Qualification for a livestock auctioneer

Qualification for an auctioneer – livestock	
Statement of attainment for the following unit of competency from the training package known as CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4039A	Conduct livestock for sale by auction

The qualification requirement was not included in the Consultation RIS and therefore was not the subject of any stakeholder consultation. The introduction of the qualification will have an impact in all jurisdictions that license the work, particularly those that do have a qualification requirement, as listed below. Also, all the listed jurisdictions, except New South Wales, do not have a specific qualification requirement for livestock work.

- New South Wales requires two units of competency (one specific to livestock)
- Queensland requires five units of competency (not specifically related to livestock), and an experience requirement of five auctions as a trainee auctioneer
- Tasmania requires four units of competency
- Western Australia and the Northern Territory have no qualification requirement

Probity requirements

Personal probity: Criminal history relating to dishonesty; misleading & and deceptive conduct, drug trafficking offences and offences against the person.

Financial probity: Failure to pay a fine under the National Law.

Livestock agency endorsement (sale and purchase)

Rationale

The sale and purchase of livestock is currently in three jurisdictions as shown in Table 3.23 below. The work is currently included in that of a licensed a stock and station agent or a real estate agent.

Table 3.23: Overview of current licensing arrangements for the sale of livestock.

Activity	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Sale of livestock	y		y				y	

The licensing of livestock sales was considered as part of the policy development process for the property occupations, since this work is regulated through a range of property-related licences in some jurisdictions. The Consultation RIS proposed that the regulated work of a real estate only extend to real property and not include the sale and purchase of livestock. This proposal was based on the finding that no market failure was identified in the five jurisdictions that do not regulate the sale and purchase of livestock. Accordingly, the Consultation RIS proposed that the sale and purchase of livestock should not be included in national licensing.

The policy development process identified the main risks associated with the sale and purchase of livestock as the transfer of significant amounts of money from the sale transaction and the health and welfare of the animals. However, it was found that the risks are minimised through a range of existing regulatory controls and other mitigating factors.

Financial arrangements

While the auctioning (and sale) of livestock can involve the transfer of substantial amounts of money the risks are minimal. For example:

- The seller (and buyer) will have a high level of business acumen in relation to this type of transaction as this is a transaction which occurs on a regular basis. The transaction is not a one-off occurrence, such as a person selling their home or small business.

- Although the rural landscape is extensive, the livestock community is relatively small and the buyer and seller can be known to each other. The policy development process identified that trust is considered an important factor in mitigating risk in these communities. The risks of fraud appear to be minimal as any mismanagement of funds would affect a person's reputation.

Animal health and welfare

To ensure the health and welfare of stock, a range of state and Commonwealth regulations and codes of practice apply. For example, the legislation covering the regulation of stock in New South Wales includes:

- *Stock Diseases Act 1923* and *Stock Diseases Regulation 2009*
- *Rural Lands Protection Act 1998* and *Rural Lands Protection (General) Regulation 2001*
- *Prevention of Cruelty to Animals Act (1979)* and *Prevention of Cruelty to Animals (General) Regulation 2006*
- National Livestock Identification Scheme
- Livestock Product Assurance
- Primary Industries Codes of Practice.

The risks associated with the substitution of livestock after they have been sold at either a sale yard or by private treaty are covered by the stringent legislative requirements for the health and safety of livestock.

As mentioned above, deregulation of this area of work has occurred in Victoria and South Australia, and there has been no evidence of market failure in these jurisdictions.

Stakeholder consultations

The analysis of the submissions indicate 356 of the 802 respondents expressed views in favour of the inclusion of livestock sales in the scopes of regulated work of a real estate agent and/or an auctioneer. These included two of the three identified template styled submissions, with support for this proposition being implied in the third. A further 74 independent submissions expressed agreement with this position. Sixty submissions registered neutral on this proposal and the remaining 512 were silent.

The inclusion of the sale and purchase of livestock has received further industry consideration following the release of the Consultation RIS. It was suggested that a stock and station agent's licence category could be included to take in the sale and purchase of livestock along with the regulated work of a real estate agent.

Stakeholder submissions, including the one provided by the Australian Livestock and Property Agents Association (ALPA), voiced opposition to the non-inclusion of livestock sales. The submissions were united in the view that licensing is needed for consumer protection and the associated probity checks ensure the integrity and competency of the applicant.

As with the auctioning of livestock, the strength of stakeholder submissions highlights the risks to consumers, and supports the inclusion of licensing this area of work.

The proposed scope of regulated work for a livestock agency endorsement is shown in Table 3.24 to inform the decision in considering if this work should be included in national licensing. The

endorsement for the sale and purchase of livestock would have a prerequisite to hold a real estate agent's licence.

Table 3.24: Proposed livestock agency endorsement and proposed regulated work

Proposed livestock agency endorsement and proposed regulated work	
Livestock agency endorsement	<i>Livestock agency work</i> means selling, purchasing, exchanging, or otherwise dealing with livestock, on behalf of another person, for fee, gain or other reward, other than livestock auctioneering work.
<p>The definition of livestock means—</p> <p>(a) horses, cattle, sheep or swine; or</p> <p>(b) any other animals prescribed by the national regulations.</p>	

The endorsement would only apply in New South Wales, Queensland and Tasmania where the sale and purchase of livestock is currently licensed, if the jurisdictions choose to continue licensing the work. The endorsement, with a licence prerequisite is a change to current arrangement in these jurisdictions. The cost of including this category would be minimal and has not been quantified in this RIS. However, it is not determined which jurisdictions would pick up the national licence.

Existing licensees would be transitioned to a national real estate agent's licence with the livestock agency endorsement. While a specific stock and station agent's licence is not proposed, the combined arrangements for licensing covering a real estate agent's regulated work, livestock auctioneering and an endorsement for the sale of livestock enable relevant licensees to continue to call themselves stock and station agents where appropriate.

Livestock agency endorsement qualification

If a livestock agency endorsement is included in national licensing, the proposed qualification requirement is a statement of attainment containing three units of competency, and a real estate agent's licence, as shown in Table 3.25.

Table 3.25 Qualification for a livestock agency endorsement

Qualification for an auctioneer – livestock	
The qualification for a livestock agency endorsement is a statement of attainment for the following units of competency from the training package known as CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4068A	Prepare livestock for sale at saleyards
CPPDSM4075A	Select livestock for sale
CPPDSM4077A	Sell livestock by private sale

Rationale

As with the livestock auctioneer, the livestock endorsement qualification requirement was not included in the Consultation RIS and therefore was not the subject of any stakeholder consultation. The introduction of a separate qualification requirement is a change to current arrangements in New South Wales, Queensland and Tasmania where the sale and purchase currently forms the work of a licensed a stock and station agent or a real estate agent. Only new national licence applicants, who wish to undertake livestock agency work, will be required to complete the three units of competency after they have obtained a national real estate agent's licence.

Probity requirements

A licensed real estate agent applying for an endorsement for livestock agency work would not be subject to additional probity requirements.

Implementing a livestock auctioneer and endorsement

Table 3.26 below shows where licensing may occur for the auctioning of livestock and the sale and purchase of livestock should a decision be made to license these areas of work. It should be noted that jurisdictions have not indicated whether the national licence livestock auctioneer's licence or livestock agency endorsement would be issued.

Table 3.26: Proposed national licensing categories and endorsement across jurisdictions

Licence category or endorsement	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Livestock auctioneer	y		y	y		y	y	y
Livestock agency endorsement	y		y			y		

3.11.10 Transitional arrangements

Deeming of current licence holders

The Intergovernmental Agreement provides for deeming arrangements for current licence holders to transition to the national licensing scheme. Any licensee who is deemed into the scheme is considered to fulfil the qualification requirements needed for continuing eligibility while they continue to hold that licence. Current jurisdictional licensees will be transitioned into the national licensing system based on the following deeming principles:

- No disadvantage – all current licence holders will be able to do tomorrow, under national licensing, what they are able to do today. The deeming process will authorise a licensee to do a similar scope of work under national licensing to that authorised under their current jurisdictional licence.
- Current licensees will not be required to undertake any additional training or testing to be eligible for the relevant national licence category.
- A jurisdiction will not be required to adopt a national licence category that is not currently licensed by that jurisdiction when national licensing commences, in accordance with clause 4.2(f) of the Intergovernmental Agreement.
- Some work currently requiring a licence will not be regulated work under national licensing and a licence will no longer be required for that work
- Adoption of a 'best fit' approach – some licences will not have a direct equivalent and a current category may map to more than one category or a category plus an endorsement. Alternatively, some categories may have a scope of work that is significantly less than that proposed for a national licence and conditions or restrictions may be applied to achieve a best fit. It is necessary to apply restrictions and conditions to ensure licensees are not transitioned to licences that would allow them to undertake a wider scope of work than their current licences allow, as this could pose an unacceptable safety risk to themselves and the community.

Each jurisdiction has undertaken a process to map straightforward, like-to-like equivalences of jurisdictional licences to the relevant national licence category or categories. This

mapping, which covers some 80 per cent of current jurisdictional licences, will be incorporated into the jurisdictional transitional legislation.

The exception to this is for those licensees that have conditions or directions applied as a result of disciplinary action; in these cases, the licence will be transitioned 'as is'.

Following is information on the deeming of jurisdictional licences under specific circumstances.

Administrative transactions that were initiated before national licensing begins

All applications for the issue, renewal or restoration of a licence lodged before the national licensing commencement date will continue to be assessed under the relevant jurisdictional licensing legislation in place immediately prior to the commencement of national licensing. The licence will then be transitioned to national licensing.

Disciplinary and court processes and actions

All applications lodged in relation to disciplinary and court processes and actions, including internal reviews, before the national licensing commencement date will continue to be assessed under the relevant jurisdictional licensing legislation in place immediately prior to the commencement of national licensing. The decision will take effect as though it was made under the National Law. If a decision is made under the old law for the disciplinary action and an appeal within the given appeal period has not been made at the time when national licensing commences, the right to appeal will continue under the old law.

Transitioning suspended licensees

All licensees suspended under relevant jurisdictional licensing legislation will continue to remain suspended under national licensing until the suspension expires and during the period of suspension will not be able to operate in any jurisdiction.

Transitioning disqualified licensees and cancelled licences

A person who currently has a cancelled licence, as a result of a disciplinary action, for a specific occupation and licence type in any jurisdiction but a valid licence in another jurisdiction, for the same category of licence, would not be transitioned to a national licensing system licence if the period of the cancellation has not expired or the cancellation decision was made in the last two years. The valid licence, held for the same category of licence, in the secondary jurisdiction would also be considered disqualified or cancelled and the person would not be able to operate in any jurisdiction. Under the new law this person would be treated as an excluded person nationally until the cancellation or disqualification period has expired. It is recognised that this may be taking away a person's right to work; however, this is a fundamental part of the design of the system which is aimed at protecting the public safety and the consumer.

Eligibility for those who initiated training before national licensing begins

An applicant who initiated a qualification or course that was required immediately before the commencement of the National Law will be deemed to have met the qualification-based eligibility requirements provided that, immediately before the commencement date, the applicant was enrolled in the course or program for the issue of an equivalent jurisdictional licence.

Eligibility for those who completed training before national licensing begins

An applicant who completes a qualification or course that was required in a jurisdiction immediately before the commencement of the National Law for a jurisdictional licence will be deemed to have

met the qualification requirement for a national licence for the period of three years from commencement of national licensing for that occupation.

A person holding a qualification not recognised under national licensing should seek advice from the licensing regulator in that jurisdiction about the possibility of obtaining a national licence. A person moving to a jurisdiction where a national licence will be required to undertake the type of work they do, and who does not hold a qualification, will need to contact NOLA for details on how to apply for the licence. Options will include seeking recognition of prior learning from a registered training organisation. The IAC proposed that a national skill and knowledge currency test should be developed and applied in these circumstances.

Lapsed licences

A licence that has lapsed within the restoration period provided in current jurisdictional legislation preceding the commencement of the national licensing system will be restored upon application under the old law and deemed to an equivalent licence under the National Law.

Current trainees for a restricted licence

A person in training for a restricted licence that would have been granted under current jurisdictional legislation, but that will not exist under the national licensing system, will be eligible to apply for a licence with limitations on the scope of work that make it equivalent to the former jurisdictional restricted licence for a period of up to 12 months following completion of their training.

Stakeholder consultation

Submissions provided through the electronic survey provided responses to the transitional arrangements outlined above, while other types of submissions received did not offer comment or a view on these matters.

Approximately 58 per cent of electronic submissions indicated support on the proposed transitional arrangements for those who initiated training before the commencement of national licensing, with 27 per cent did not support. For those who have completed training before the commencement of national licensing 66 per cent offered support for the proposed arrangements and 23 per cent did not support. A small number of respondents provided comments and these included;

'Bridging units or courses should be undertaken to ensure an equal consistent national standard.'

'It should be 5 years [grace period] as the AQTF Statement of Attainment lasts 5 years therefore should run in line.'

Seventy eight per cent of the electronic submissions supported the transitional arrangements for the lapsed licence arrangements, with 10 per cent disagreeing. Again, only a small number of respondents provided comment and most were of the same view that there should be a consistent time period applied. For example;

'National scheme therefore a nationally consistent grace period should apply.'

In regard to the proposed transitional arrangements for current trainees for a restricted licence, 75 per cent offered support with 10 per cent not agreeing. Only a small number of respondents provided comment and included;

'The restricted licence should be exchanged for an equivalent national licence automatically.'

No evidence has been provided to support a robust rationale to change the proposed transitional arrangements, it is therefore proposed that the provisions remain unchanged, as outlined above.

4 Impact analysis

This chapter provides supporting detail about the costs and benefits of the options being considered in this Decision Regulation Impact Statement (RIS). The information includes a detailed discussion of the impacts and results of the analysis, including sensitivity results and a summary of the costs and benefits by jurisdiction. Attachment G contains:

- an explanation of the approach taken to the analysis, including the method and the specific calculations behind the analysis
- a detailed list of all of the inputs and assumptions underlying the analysis.

4.1 Transition and implementation costs of a national licensing system

Before the commencement of the proposed national licensing reform and for the first three years of the system's operation, several one-off costs would be incurred. For licensees, business and households, there is a time cost associated with understanding the new system of licensing. For governments, there are costs associated with setting up the National Occupational Licensing Authority (NOLA), implementing the national licensing register and communicating the changes to licensees and the wider community (i.e. businesses and households).

4.1.1 Cost to property licensees

Time for licensees to understand the proposed reforms

Under national licensing, licensees would need to understand the changes and how they are affected by them. Time costs would be incurred either by reading material, attending an information seminar or through some other means.

A majority of those providing feedback on the proposal that 45 minutes might be sufficient to understand the impacts of the change indicated that more time would be needed for this purpose. The period has now been doubled and it is now assumed that it would take each existing licensee 90 minutes to understand the changes. Based on the assumption that there are just over 118,000 property licensees across the jurisdictions, the estimated transition costs to industry would be about \$8.35 million. It is expected that these costs would be incurred throughout the year preceding the operation of national licensing (i.e. 2012–13). As at 1 July 2012, the ten-year net present value (NPV) of this cost is therefore \$7.81 million. The distribution of these costs across jurisdictions is shown in Table 4.1. New South Wales and Queensland experience the highest costs across Australia, which is driven by their high number of licensees.

Table 4.1: Cost to licensees from spending time understanding the proposed reforms

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	3.01	1.18	2.45	1.10	0.38	0.03	0.09	0.10	8.35
10-year NPV as at 1 July 2012	2.82	1.10	2.29	1.03	0.35	0.03	0.09	0.10	7.81

The estimate of 90 minutes takes into consideration the varying needs of licence holders when they transition to a national licence. It is important to note that licence holders would not be required to change their licence before the expiration of their current licence. Therefore, the 90 minute estimate reflects the potential additional time *over and above* the normal requirements for licence renewal. For some licence holders, changes may be more complex and require more time; for others, changes

would be minimal and require less. The estimate in this RIS is intended to be a reasonable average of likely transition requirements

For further information on the assumptions underlying these estimates, see Attachment G.

4.1.2 Cost to business and households

Business value-add lost

Given that licensees must spend additional time to transition to national licensing, they will essentially be less efficient as a result. There is an expectation that if the reforms lead to a one-off efficiency loss for property services, business too will experience a one-off reduction in their profits, or their value-add from property services, as less will be generated from a less efficient labour force.

For the purpose of this Decision RIS, the costs to the business and household buying property services are assumed to be one-third of the direct costs to labour. This estimate is based on research conducted by the Australian Bureau of Statistics on income shares for factors of production (labour and capital), which estimate the profit share of total factor income (essentially the return to capital of total income in the economy).⁶³ This measure is the best available indicator of the extent to which income is returned to capital (as opposed to being returned to labour in the form of wages).

It is estimated that there would be a transition cost to business (and households) of \$2.78 million in terms of business value-add lost, or \$2.60 million NPV over ten years as at 1 July 2012. The distribution of these costs across jurisdictions is shown in Table 4.2.

Table 4.2: Business value-add lost as a result of transition costs

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	1.00	0.39	0.82	0.37	0.13	0.01	0.03	0.03	2.78
10-year NPV as at 1 July 2012	0.94	0.37	0.76	0.34	0.12	0.009	0.03	0.03	2.60

4.1.3 Costs to government

National Occupational Licensing Authority – set-up costs

A key element of the national licensing model is the establishment of a National Occupational Licensing Authority (NOLA). The role of NOLA would be to develop consistent national policy for obtaining a licence and to administer the national system. In doing this, it must consult with stakeholders in relevant occupational areas and establish occupational licence advisory committees. During the implementation phase, NOLA would regularly consult with a jurisdictional reference group on issues that arise regarding the implementation of the national system and on progress with the development of licence policy.

In its first five years of operation, NOLA would have an important role in the following areas:

- Supporting the implementation of national licensing for the first-stage occupations (electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics).
- Supporting the implementation of second-stage occupations, including building occupations.
- Supporting further reforms related to occupational licensing.

⁶³ Australian Bureau of Statistics 2011, *Australian System of National Accounts 2010–11*, cat. no. 5204.0, ABS, Canberra.

Based on the above scope, it is clear that only a proportion of NOLA resources would be required to support the implementation and future policy direction of national licensing for property occupations. Costs for this Decision RIS, therefore, reflect this fact and attribute a proportion of NOLA costs of national licensing of the property occupations.

The costs to government of establishing NOLA will be apportioned to each occupation under national licensing (including the first and second wave of occupations and any future harmonisation of conduct requirements). It is assumed that the first wave of occupations (electrical, plumbing and gasfitting, property and refrigeration and air-conditioning) will be apportioned 50 per cent of these costs. The remaining 50 per cent will be apportioned to the second wave of occupations, with 30 per cent to builder and building related occupations, valuers and conveyancers and 20 per cent to future harmonisation of conduct requirements. Further information is provided at Attachment G.

For the property occupations, national licensing costs have been estimated according to the following assumptions:

- Fifty per cent of national licensing costs have been attributed to future reforms, including second wave occupations and conduct reforms
- The remaining 50 per cent of costs are attributed to first wave occupations, with 28 per cent of these costs allocated to property occupations.

For more detail on these assumptions, see Attachment G.

The transition and operating costs of NOLA have been budgeted for 2011–12 to 2014–15, and notional funding contributions from each jurisdiction have been agreed but commitments have not been made beyond 30 June 2013. The costs of NOLA have been allocated across jurisdictions according to these agreed contributions by governments. (noting these figures are subject to change on the agreement of SCFFR) Table 4.3 illustrates the pro rata distributional effects of the costs (noting that it was agreed that the Australian Capital Territory would not be required to contribute to the cost of NOLA).

Table 4.3: National Occupational Licensing Authority –indicative jurisdictional contributions

Contribution of budget estimate	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Government	33%	25%	20%	11%	8%	2%	0%	1%

The detailed budget of NOLA provided by the Council of Australian Governments (COAG) National Licensing Taskforce shows that transition costs over and above the ongoing cost of operating NOLA will be incurred in the first three years. This includes the one-off establishment cost of NOLA, the implementation costs associated with the national licensing register and higher meeting costs during the transition period.

Based on these figures, it is estimated that the transition costs associated with NOLA are about \$1.31 million. This cost would be incurred across three years, leading to a transition cost of about \$1.29 million NPV over ten years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.4⁶⁴.

Table 4.4: Transition costs associated with the National Occupational Licensing Authority

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	0.43	0.33	0.27	0.14	0.10	0.03	–	0.01	1.31

⁶⁴ NOLA costs are based on estimates agreed by SCFFR in April 2012. Further work is underway on establishing a budget for NOLA in the longer term.

10-year NPV as at 1 July 2012	0.42	0.32	0.26	0.14	0.10	0.03	–	0.01	1.29
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For further information on the assumptions underlying this estimate, see Attachment G.

Costs to transition to a national licensing register (jurisdictional implementation)

Under national licensing, a public national licensing register would be established, providing a cross-jurisdictional summary of all the licences issued under national licensing. This would enable the public and jurisdictional regulators to electronically search for licensed entities and the individuals associated with national licences. The register would be the responsibility of NOLA, with all jurisdictional regulators providing information to NOLA's central database.

Initially, the register would include all first wave occupational areas (electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics) in each jurisdiction; it is intended that all subsequent occupations would also be included. It is therefore assumed that this initial investment in the register for the four occupational areas would have subsequent value for any other occupations that transition to national licensing in the future.

The intention of including the register within a national licensing framework is to provide greater transparency, allowing consumers to make an informed choice when engaging licensees. It may also improve both consumer awareness of licensing and consumer confidence in the licensing system.

The estimates of total register costs for jurisdictions are those costs that are incurred to upgrade current systems at the jurisdictional level to allow IT systems to interface with the national licensing register. As implementation of the system has not yet commenced, there is currently little available data on the full cost of this implementation. For this Decision RIS, a range of cost estimates have been used.

These costs are estimated to be between \$2.5 million and \$5 million per jurisdiction, with lower costs for small jurisdictions and New South Wales (due to the new system being based on the Government Licensing Service). Given that the register will be used for several occupations, 50 per cent of this implementation cost has been attributed to future reforms, including second-stage occupations and conduct reforms. Of the remaining 50 per cent, 28 per cent is attributable to the property occupations.

The cost for jurisdictions implementing the national licensing register attributed to the property occupations is \$4.06 million in transition costs or \$3.79 million NPV over ten years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.5.

The corresponding benefits of a national licensing register are discussed qualitatively in the main body of this Decision RIS.

Table 4.5: National Licensing Register transition costs – total costs and the cost attributable to property occupations under the first stage of reforms

\$ million	NSW	Vic	Qld	WA	SA	Tas^a	ACT	NT^a	Total^b
Total costs to government of transitioning to the national licensing register (time and upgrade costs – undiscounted)	2	5	5	5	3.5	3.5	2.5	2.5	29
Total costs attributable to the property occupations under the first stage of reforms (undiscounted transition cost)	0.28	0.70	0.70	0.70	0.49	0.49	0.35	0.35	4.06
10-year NPV of cost attributable to property as at 1 July 2012	0.26	0.65	0.65	0.65	0.46	0.46	0.33	0.33	3.79

^a The introduction of new enterprise licensing systems in Tasmania and the Northern Territory prior to the commencement of national licensing may reduce these estimates.

^b May not sum due to rounding.

For further information on the assumptions underlying these estimates, see Attachment G.

Government communications

Regulators in each state and territory are expected to develop and implement a communications strategy that seeks to inform various stakeholders of the changes to the licensing of the property occupations. Relevant stakeholders include licence holders, industry associations, training providers and other government agencies with relevant responsibilities, and consumer groups. Most regulators already conduct regular consultations with these groups as part of their current responsibilities; however, it is reasonable to expect that this reform would require an increased level of engagement and communication with stakeholders prior to the commencement of the new licensing arrangements.

The cost of this engagement would vary considerably across jurisdictions, depending on the type of engagement conducted and the medium used. There are currently no estimates available from each of the state and territory regulators on what it may cost to complete these activities. A state-based regulator, does, however, have estimates of the communications costs that were incurred when they made changes to the property industry in their state. This estimate of about \$325,000 has been used as the basis for estimating this cost to regulators. This cost has been applied in full to the larger states (in terms of the number of licensees), and half of this cost has been assumed to be incurred in smaller jurisdictions.

Based on these estimates, the communications cost to government is \$1.95 million in transition or \$1.82 million NPV over ten years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.6.

Table 4.6: Government communications costs during the transition to national licensing

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	0.33	0.33	0.33	0.33	0.16	0.16	0.16	0.16	1.95
10-year NPV as at 1 July 2012	0.30	0.30	0.30	0.30	0.15	0.15	0.15	0.15	1.82

For further information on the assumptions underlying these estimates, see Attachment G.

One jurisdiction has noted that this section on the costs to government does not include some of the costs incurred to date by governments, such as various state government project groups and working teams.

4.2 Direct costs and benefits of national licensing

The costs and benefits discussed in this section are the ongoing impacts that would be incurred each year throughout the operation of national licensing, beginning in the first year of operation, 2013–14. A ten-year NPV is presented in this analysis; however, these impacts are ongoing and could theoretically be considered over a longer time span as they will be enjoyed for many years.

While the transition costs outlined above are quite discrete, many of the ongoing impacts affect several different sectors of the economy (i.e. licensees, business, households and government). For that reason, this section is presented by type of impact rather than by sector.

4.2.1 Labour mobility

Labour mobility is defined as the extent to which labour is free to move around the economy in response to opportunities in the marketplace. This movement may be the relocation of labour from one region to another, or it may be the extent to which labour is accessible on a short-term or an itinerant basis, as required by firms across the economy. In addition, labour mobility should also be considered in the context of movement of workers across state and territory border towns or regions.

In the long term, people will move to where there are economic opportunities. How quickly this occurs is uncertain as there is a complex set of factors that can influence the mobility of labour in an economy. Even when there are employment opportunities for workers across the economy, the extent to which these will be filled in the short term is influenced by:

- the accessibility of information on work opportunities across regions
- the costs associated with moving to a new job, or of working remotely, away from home for particular periods
- the availability of infrastructure in a region, including housing, schools, child care, transport, etc. (which is particularly important for workers looking to relocate to a region)
- regulatory settings that may impede the mobility of labour, either directly by prohibiting movement or indirectly by imposing cost barriers that are sufficiently high to deter movement by individuals and businesses.

In making employment decisions, each individual will have a threshold cost of taking up a new employment opportunity. Such a move need not be a permanent move and could involve temporary relocation to take advantage of a market opportunity. For short relocations or temporary moves, fixed costs – such as licensing – become more relevant. This is the cost above which the move will not be cost-effective and will not proceed. This threshold will be related to the potential future benefit for employment in a new jurisdiction (with benefits including both financial and lifestyle factors). It is reasonable to assume that this threshold cost will vary for individuals. Therefore, as costs are lowered, a greater proportion of individuals in an industry would consider moving to a new jurisdiction for employment (an additional factor in this equation is the relative wages across jurisdictions) or taking up opportunities where they arise in other jurisdictions. On this basis, there are potential benefits in seeking to drive down costs from current levels.

Understanding the linkages between labour mobility and costs suggests that reducing costs has the potential to increase this proportion. There are likely flow-on benefits of higher labour mobility across the economy, in the form of economic efficiency improvements occurring through workers finding jobs, businesses finding workers and consumers getting better services.

For the property occupations, the realisation of labour mobility benefits may depend on the extent to which local knowledge affects a licensee's ability to compete in another jurisdiction. While this may limit some licensees from becoming more mobile in the property market, there would still be greater opportunity to work in contiguous states and territories, generate more integrated national practices and work in jurisdictions with high demand for property services. Some jurisdictions believe that this factor is significant enough to lower the impact for property services.

Quantifying the potential impact of labour mobility

The benefit from improved labour mobility is difficult to quantify. To provide an indication of the potential benefit, this RIS draws on the work undertaken in this area by the Productivity Commission. In their 2009 review, they found that in the face of a terms of trade change, that moving from no mobility of labour (that is, licensees are prohibited from moving interstate) to full labour mobility with no restrictions could lead to a 0.3 per cent increase in real GDP. Based on real

GDP in 2011, this would represent about \$4 billion per annum. While the work undertaken by the Productivity Commission is not specific to the impacts of national licensing, it does provide one possible scenario to indicate the potential impacts from an increase in the mobility of labour.

The benefit estimated by the Productivity Commission would not be the same under national licensing because mutual recognition already allows for mobility between jurisdictions. There are also a number of other factors which influence a decision to move locations for work, including personal and family circumstances, permanent or temporary relocation costs and differences in conduct requirements between jurisdictions that will remain in place even after national licensing is implemented. Given these factors and the current mutual recognition arrangements, it is assumed that national licensing would only result in a small proportion of the full labour mobility benefit estimated by the Productivity Commission. For the purposes of this analysis, this proportion is assumed to be 10 per cent. This proportion represents only one possible scenario. Different assumptions around the proportion that could result from national licensing are explored in the sensitivity analysis (at the end of this chapter).

The share of labour mobility benefits would also differ between occupation groups. In the Productivity Commission's report, they note that the labour mobility effect is not uniform across industries. Industries that received a greater than proportionate increase included finance and insurance, property and business services, and electricity, gas and water services. While these occupation groups could be given a higher weighting, no specific detail is available about the specific distribution that would be appropriate for attributing the labour mobility benefit across occupations. In the absence of any other information, licence numbers have been used as a proxy to estimate the proportion of the benefit attributable to each occupation. Based on the number of property licensees (as a proportion of registered workers), in this analysis about 11 per cent of the benefit is assumed to be attributable to property occupations.

The benefit estimated by the Productivity Commission would only be realised if there was the same terms-of-trade shock to the economy assumed by the Productivity Commission. Given current economic circumstances, some have argued that it is unclear whether this form of shock is likely to eventuate in the near future because the relative price propagation mechanism that was relevant in 2009 may not be as important for Australia in the future. Commodity prices have now eased from their recent peaks and increasing production volumes may be more significant for drawing skilled tradespersons to the resources sector. While change in any economy is reasonably expected, predicting that change, its cause and impact, is often hard (e.g. there were few predictions for the global financial crisis in 2007/08). At the same time though, a *flexible* labour market is far better placed to adjust to any such change when it occurs. This estimate of labour mobility is designed to highlight the potential gains from extending flexibility even if it is difficult to predict what the flexibility is responding to.

The labour mobility benefit from national licensing may also be greater for temporary movements of skilled labour (e.g. for short-term fly-in, fly-out workers) due to the greater impact of fixed licensing costs (as discussed above). This would include the opportunities that arise to assist in the response to regional emergency situations. If short-term movements are what is critical for these reforms, the terms of trade induced shock used in the Productivity Commission's analysis may less accurately reflect the impact under national licensing.

It is important to recognise that the estimated benefit from labour mobility shown in this impact analysis is only one possible scenario. Given that the benefits from labour mobility are expected to be positive, the work undertaken by the productivity Commission has been used as a proxy for the impact under national licensing to demonstrate the potential benefit that may result.

Revised national labour mobility analysis

The Consultation RIS provided an assessment of the benefits caused by increased labour mobility that may be gained from the harmonisation of licences that are being targeted as a part of national licensing. These costings were undertaken by Pricewaterhouse Coopers (PwC) and used results from a methodology developed by the Productivity Commission in its 2009 report regarding mutual recognition, as outlined in the section above. Following the release of the Consultation RIS, Treasury, the Productivity Commission, the Office of Best Practice Regulation, and PwC reviewed the calculation methodology to ensure it was consistent with methodologies used in the past by the Productivity Commission.

In these discussions, it was agreed that the calculations should involve prorating the labour mobility benefit for each occupation on the basis of registered employment, rather than total employment as was done in the Consultation RIS. The change relates to the assumption used to work out the proportion of the labour mobility benefit that can be attributed to reforms of a specific occupation. In the Consultation RIS, the proportion was calculated by taking the number of licence holders and dividing by the total number of workers in the economy. In light of further information from the Productivity Commission, this proportion has now been calculated using total registered workers instead of the total number of workers in the economy. This results in an increase in the benefit of labour mobility as outlined in Table 4.7 below. This change is reflected in this Decision RIS.

Table 4.7 Revised labour mobility impact – Property Occupations

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	7.83	3.57	7.42	2.58	0.99	0.07	0.30	0.21	22.97
10-year NPV as at 1 July 2012	51.38	23.45	48.73	16.91	6.50	0.45	2.00	1.38	150.80

NPV = net present value

For full details on all of the assumptions used to estimate the labour mobility benefit, see 4.3.1.25.

A sensitivity analysis of the labour mobility impacts has been provided later in this chapter (See section 4.1.6). The benefits from labour mobility represent a significant share of the total benefits attributed to national licensing. Given the exact impact of labour mobility is also uncertain (as it is only one possible scenario), it is appropriate to conduct sensitivity analysis of this impact.

4.2.2 Removal of multiple licences held across jurisdictions

Under current licence requirements, licence holders must apply for a new licence if they wish to work in another state or territory. Initially, this involves both a time cost and the payment of licence fees. Under mutual recognition, a licence issued in one jurisdiction can be equivalent to a number of licences in another jurisdiction, with associated additional licence costs for the applicant. Subsequently, that person would need to renew their licence(s) in the jurisdiction(s) in which they are held, again involving time and fees. This is the case even when mutual recognition of a licence is granted (i.e. when a regulator determines that the applicant has an equivalent licence). These costs would apply regardless of how effectively mutual recognition is operating.

A key benefit of national licensing would be the removal of the requirement for licence holders to hold more than one licence to work in multiple jurisdictions. It would also remove the need to apply for a new licence when they relocated, as long as that licence holder held a valid national licence.

In order to estimate this benefit for licensees, data provided by jurisdictional regulators has been used to estimate the proportion of licence holders in each jurisdiction who also hold a licence in other jurisdictions. Table 4.8 shows this data, which picks up those licence holders who are transitioning from one jurisdiction to another and who may hold onto a second licence until it

expires, as well as those who hold multiple licences over a long term, e.g. if they work or live in a border region.

Table 4.8: Proportion of licence holders in each jurisdiction who also hold a licence in another jurisdiction

Percentage	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Existing licence holders	4%	4%	4%	1%	6%	12%	33%	10%

Note: The figures in this table represent the percentage of licensees who operate and are licensed in that jurisdiction, but reside in another jurisdiction.

The reduction in costs associated with holding multiple licences can therefore be estimated by taking the total number of licence holders incurring the cost and estimating the avoided costs for these licence holders. This has been done using:

- The number of licence holders who would be affected by the changes, which is estimated using the proportions of licence holders estimated as being required to hold more than one licence under current arrangements.
- Data on property licence fees in each jurisdiction and an estimate of the time to apply for a licence (Costs that would be avoided under national licensing).

It is important to note the potential for mutual recognition applications to be more onerous (in terms of time and documentation required) than standard applications. To reflect this, the average time to apply for a licence is assumed to be higher under mutual recognition. See Attachment G for more detail on the approach to calculating this impact and the assumptions underlying it.

Using this approach, it is estimated that the total cost of holding multiple licences is about \$2.27 million per annum or \$14.76 million NPV over ten years as at 1 July 2012. These costs would not be incurred under a national licensing approach and therefore they are a key benefit of the national licensing option (as licence holders would no longer incur these costs). The distribution of this benefit across jurisdictions is shown in Table 4.9. Note that the benefits in this table have been attributed to the home state of licensees. For example, the benefit to New South Wales is the benefit to licensees who predominantly live in New South Wales but also hold licences in other jurisdictions. This attribution has been calculated based on migration flows. For further information on the assumptions underlying these estimates, see Attachment G.

Table 4.9: Benefit to licensees of no longer holding multiple licences across jurisdictions

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	0.74	0.39	0.49	0.21	0.15	0.07	0.12	0.11	2.27
10-year NPV as at 1 July 2012	4.80	2.51	3.19	1.34	0.971	0.47	0.76	0.72	14.76

The impact on government

While removing the requirement to hold multiple licences delivers a direct benefit for licence holders, it represents a cost to government (through reduced revenue where there are fewer licences issued). Regulators would also be expected to realise some savings from a reduction in the number of licences issued, as they would no longer need to spend time processing those licences. However, it is noted that jurisdictional regulators will still incur the costs associated with compliance activities for licence holders who continue to work in their jurisdictions, but who are based (and pay their licence fee) in another jurisdiction. Therefore, given that the regulator, in some jurisdictions, would no longer be able to recover for activities that would continue to occur under national

licensing, this would lead to a net cost for government, as the loss in revenue would be greater than the savings realised.

This cost is estimated to be about \$0.92 million per annum (annualised across ten years) or \$5.97 million NPV over ten years as at 1 July 2012. The distribution of this cost across jurisdictions is shown in Table 4.10.

Table 4.10: Impact on government from the removal of multiple licences across jurisdictions

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing cost	0.25	0.10	0.27	0.01	0.10	0.001	0.17	0.02	0.92
10-year NPV as at 1 July 2012	1.60	0.62	1.76	0.06	0.66	0.01	1.13	0.13	5.97

4.2.3 Flexible licence periods

Under current jurisdictional licensing arrangements, each state and territory has different licence periods, ranging from one year to a perpetual licence. The current licence periods for each jurisdiction are shown in Table 4.11. The Consultation RIS proposed moving to a standard three year period and provided costing on that basis, however consultation feedback supported a more flexible range of licence periods. The proposal in this document therefore provides for a choice of one, three or five year terms for each national licence.

Table 4.11: Current licence periods across jurisdictions

Jurisdiction	Agents (real estate, business and strata managing)	Agent's representative	Auctioneer
NSW	1	1	1
Vic	1	(see note 1)	Not a separate category
Qld	3	3	3
WA	3	3	1 (see note 2)
SA	1	1	1
Tas	Perpetual licence (i.e. no renewal required)	n/a	Perpetual licence (i.e. no renewal required)
ACT	1	1	1
NT	1	1	1

Note 1: Changes to the frequency of processing agent's representative applications in Victoria is discussed later in this chapter

Note 2: The one year licence period in WA for auctioneers has not been factored in to the impact analysis in Table 4.12 below.

In general terms, both licensees and jurisdictions benefit from a longer licence period, except Tasmania, as licensees save time in applying less frequently and jurisdictions do not have to process the applications. Introducing a choice of licence periods will benefit licensees as the flexibility will allow them to tailor their application to their individual needs and resources, however there will be a small increase in complexity for those jurisdictions not currently offering such a range of licence terms and it may make it more difficult to predict revenue. Table 4.12 provides indicative costings representing the benefit to licensed real estate agents if all licensees chose to select the maximum licence period, being a five year licence. These figures would represent a potential overestimate as there will be a variety of reasons why a licensee may not wish to avail themselves of the savings that might be presented should they opt for the longer period.

As a comparison, Tables 4.13 - 4.15 shows the impact for licensees under a range of alternative licence periods, from 3 years to a perpetual licence.

Licensees in Tasmania would incur a cost under national licensing from renewing their licence more often. In doing so, they would spend more time and pay greater fees across the ten-year period. Similarly, regulators would spend more time in processing these licence applications more often. If licensees opt to apply for a licence with a one-year period, the benefits of moving to a consistent licence period would be further reduced.

While the most benefit could be obtained, theoretically, by increasing the licence term to an even longer period, or by making a licence permanently valid, in practice a regular renewal period has a number of benefits for regulators and consumers, although they are not easily quantifiable. These include ensuring the contact details for each licensee are kept up to date on the public register, which also ensures robust compliance practices, providing the regulator with the opportunity to remove records for those no longer practising, so that number of skilled practitioners can be monitored and allowing for periodic checks on the currency of requirements such as personal and/or financial probity. It provides a set point at which licensees can be provided with information on changed requirements or standards, which may necessitate professional development or other activity and it provides a revenue stream to reimburse regulator activity

Table 4.12: Impact for licensees under a maximum licence period of five years

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	3.02	2.41	1.645	0.48	0.06	(0.01)	0.25	0.14	8.00
10-year NPV as at 1 July 2012	19.66	15.68	10.70	3.15	0.40	(0.07)	1.60	0.91	52.03

Table 4.13: Impact for licensees under a standard licence period of three years

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	2.52	2.01	–	–	0.05	(0.02)	0.21	0.12	4.88
10-year NPV as at 1 July 2012	16.38	13.07	–	–	0.33	(0.11)	1.34	0.75	31.76

Table 4.14: Impact for licensees under a standard 10 year licence period

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	3.40	2.71	2.879	0.85	0.07	(0.01)	0.28	0.16	10.34
10-year NPV as at 1 July 2012	22.12	17.64	18.72	5.52	0.45	(0.03)	1.80	1.02	67.23

Table 4.15: Impact for licensees under a standard perpetual licence

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	3.78	3.01	4.113	1.21	0.08	(0.00)	0.31	0.17	12.68
10-year NPV as at 1 July 2012	24.57	19.60	26.74	7.88	0.50	(0.00)	2.00	1.13	82.44

The impact quantified for Victoria in the tables above does not include the impact on property agent's representatives, as they are not licensed through the regulator. The impact of moving from Victoria's current employer-based registration scheme to a registration system with a set licence period is assessed separately below.

Although a 10 year licence period and a perpetual licence have benefits of \$10.34 million and \$12.68 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a more regular renewal period mean that, on balance, a choice of 1, 3, or 5 years is the preferred longer licence period option.

4.2.4 Reducing the costs of regulatory requirements

Removing the licensing of non-residential property work for certain transactions

Under current requirements, property agents working in the non-residential property sector (property used primarily for the purposes of industry, commerce or primary production) must obtain a real estate agent's licence. They incur the cost of the licensing fee – upon application and periodic renewal – and also incur the opportunity cost of time taken to apply for the licence. Under national licensing, it is proposed that certain transactions of non-residential property work not be licensed.

Removing certain transactions of non-residential property work from the regulated work of a real estate agent's licence would mean that existing and prospective licensees who only undertake this specific area of non-residential property work would avoid fees for renewal and application respectively and would also avoid the time taken to apply for or renew a licence. It is assumed that 16 per cent of all property services work is related to non-residential property.

One of the proposed transaction exemptions is for non-residential sales over \$10 million dollars. There were only 257 related sales nationally last year that were above \$10 million and it is unlikely that many real estate agents would be trading solely above \$10 million. The benefit of removing licensing for these types of transactions would be minimal and has not been quantified.

Removal of mandatory continuing professional development requirements

Under national licensing it is proposed to remove mandatory continuing professional development (CPD). However, NOLA has the ability to impose skills maintenance or CPD on an as needs basis, in consultation with industry. If professional development is required by NOLA from time to time this could reduce the benefit. The nature of any such requirement is unknown and has not been factored into the analysis.

Currently, real estate agent licensees in New South Wales, Western Australia, Tasmania and the Australian Capital Territory are required to undertake annual CPD. The courses required vary across jurisdictions, but generally they involve both a time cost (i.e. spending time attending the course) and course fees.

Based on these costs, removing CPD requirements in New South Wales, Western Australia, Tasmania and the Australian Capital Territory is estimated to save \$36.99 million annualised per annum, or \$240.53 million NPV over ten years as at 1 July 2012. The distribution of this benefit across states and territories is provided in Table 4.16 below. For details on the calculations and assumptions underlying these estimates, see Attachment G. A consideration of the potential impacts on consumer outcomes from the removal of licensing requirements is provided in 4.1.3.

Table 4.16: Benefit for licensees of removing mandatory continuing professional development

\$ million	NSW	WA	Tas	ACT	National
Annualised ongoing benefit	25.57	10.28	0.27	0.87	36.99
10-year NPV as at 1 July 2012	166.28	66.84	1.75	5.66	240.53

Removal of broader ‘fit and proper’ tests as part of personal probity requirements

Under national licensing, broader ‘fit and proper’ personal probity requirements for property occupations would no longer include some checks currently undertaken in some jurisdictions. In jurisdictions that currently impose broader fit and proper tests for individual licence applicants, there is a potential benefit to those licensees from this change, where they currently incur costs associated with these tests.

Based on a mapping exercise undertaken by the COAG National Licensing Taskforce, all states and territories currently impose broader fit and proper tests as part of their personal probity requirements for property licences.⁶⁵

In Western Australia, where specific fit and proper tests were identified, it is assumed that personal probity can be proven by providing two written reference statements. It is estimated that this imposes a time cost of about 20 minutes for each applicant.⁶⁶ In other jurisdictions, it is assumed that ten minutes would be spent considering and disclosing any relevant information. For more detail on these assumptions, see Attachment G.

These time costs would be saved under national licensing by new licence holders applying for a licence in these jurisdictions. Based on the hourly wage rates assumed in this RIS and the time estimates above, removing this requirement would save licensees about \$0.02 million per annum or \$0.13 million NPV over ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.17.

Table 4.17: Benefit to licensees from the removal of ‘fit and proper’ tests as part of personal probity requirements

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	0.01	0.004	0.01	0.00	0.001	0.0002	0.0003	0.0004	0.03
10-year NPV as at 1 July 2012	0.07	0.02	0.05	0.02	0.01	0.001	0.002	0.002	0.19

For further information on the assumptions underlying this estimate, see Attachment G.

It is estimated that the jurisdictional regulators will also benefit from removing fit and proper requirements due to the time taken to consider this information during application processing.

Removing the requirement to advertise

Currently, prospective property licensees (other than sales representatives) in Western Australia⁶⁷, Tasmania and the Australian Capital Territory must advertise their intention to apply for a licence. In the Northern Territory this requirement applies to both real estate agents and agent’s representatives. This includes advising how objections to the approval of a licence may be lodged with the regulator. This requirement imposes a cost on potential real estate licence holders, who must pay for the cost of advertising. Estimates suggest the fee for advertising in the local newspaper across the jurisdictions ranges from \$44 to \$150 for an advertisement consisting of ten lines. In

⁶⁵ Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.

⁶⁶ It is assumed that 30 minutes will be required for an applicant to obtain a passport photo and two written references (Government of Victoria 2005, *Private Security Regulations 2005: Regulatory Impact Statement*, Department of Justice, p. 29). In the absence of any other information, we have assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes).

⁶⁷ Separate legislation is progressing in WA to, amongst other things; remove the requirement for prospective property licensees to advertise their intention to apply for a licence.

Western Australia, the cost of advertising is included in the fees payable when applying for a licence, with \$65.50 payable to cover advertising.

Under national licensing, the requirement to advertise would be removed and the cost would be avoided by potential licence holders in Western Australia, Tasmania and the Australian Capital Territory. The estimated benefit to licensees from avoiding this cost is \$0.02 million per annum (annualised over ten years) or \$0.19 million NPV over ten years as at 1 July 2012. The distribution of benefit across the jurisdictions can be seen in Table 4.18. Attachment G provides further information on the assumptions underlying these estimates and their associated references.

Table 4.18: Benefit to licensees from removing the requirement to advertise

\$ million	WA ⁶⁸	Tas	ACT	NT	National
Annualised ongoing benefit	0.01	0.003	0.003	0.002	0.02
10-year NPV as at 1 July 2012	0.09	0.02	0.02	0.01	0.19

Removing experience requirements

Currently, in all jurisdictions except New South Wales, Queensland, South Australia and the Northern Territory,⁶⁹ it is a licensing requirement that property licensees have a specified level of experience before progressing from representative to agent. This means that licensed representatives who wish to obtain an real estate agent's licence must have a level of experience in the industry before being granted a licence (generally between one and six years, depending on the jurisdiction). A real estate agent or other full property-related licence holder is able to conduct work unsupervised, whereas a representative must work under an agent. Queensland has an experience requirement for an auctioneer's licence, which is to conduct five auctions as a trainee under the supervision of a licensed auctioneer.

Under national licensing, experience requirements would be removed and agent's representatives could obtain their licence as an agent (or other equivalent) sooner if they wish to do so.

The direct benefit to licence holders of removing experience requirements could be measured, for example, by the wage difference between licensed real estate agents and agent's representatives. This is the value that licence holders would gain by progressing to agent earlier. Data on wages in this industry is limited, and the actual wage differential is unknown. Note that this benefit would only be realised by licensees who otherwise would not progress to agent solely due to the current experience requirements.

While the exact impact of the experience requirement is unknown, some assumptions can be made to provide an indicative estimate of the potential saving from its removal. Assuming that there is a positive and sizeable wage differential, if at least 50 cents per hour is assumed to be attributable to experience requirements and assuming that licensees are currently missing out on this for at least one year, the estimated impact would be \$0.71 million per annum or \$4.61 million NPV over ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.19.

⁶⁸ Ibid

⁶⁹ Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.

Table 4.19: Benefit to licensees from the removal of experience requirements

\$ million	Vic	WA	Tas	ACT	National
Annualised ongoing benefit	0.46	0.19	0.02	0.04	0.71
10-year NPV as at 1 July 2012	2.97	1.24	0.12	0.28	4.61

The estimates in Table 4.19 are produced on the basis that licensees can become agents more quickly as a result of these reforms, would continue to provide property services before and after the change, and that any time spent working with agents before the change would be matched by time spent as an agent after the change. On the basis of these assumptions, it is not anticipated that removal of the experience requirement would on its own lead to higher wages for agent's representatives.

For further information on the assumptions underlying this estimate see Attachment G.

4.2.5 Costs imposed by new requirements

Changes to the frequency of processing agent's representative applications in Victoria

Most jurisdictions currently have a registration scheme for property agent's representatives in which an applicant is required to meet a range of eligibility criteria, usually including personal probity and qualification requirements. These applications are processed by the regulator, who has responsibility for granting, refusing and renewing the registration. Currently in Victoria only, the responsibility for assessing eligibility and processing documentation is placed on the employer. An applicant is required to submit evidence of the completion of qualification requirements and a certificate from the chief of police to the employer, who assesses these and advises the regulator if the person is subsequently accepted and employed. This sector is highly mobile, which places an administrative burden on an agent, who has the responsibility to advise the regulator each time an agent's representative commences or ceases work.

Under national licensing, all required documentation would be gathered by an agent's representative and presented to the regulator for assessment with a prescribed fee. In this case, the jurisdictional regulator would assess applications and be responsible for maintaining a register of representatives in their jurisdiction.

This change would transfer the responsibility for processing the documentation for representatives from employers to the regulator. While the administrative burden on employers in Victoria would decrease, the regulator's administrative activities would increase. While the specific impact on each employer may differ, it is assumed for this analysis that on average the processing time for the regulator would be the same under national licensing as the time currently spent by employers.

While the processing time is assumed to remain the same on average, the frequency of processing is likely to change. Currently, employers need to process representatives when they commence work. Under national licensing, assuming that the maximum licence period is adopted by licensees, processing would occur every five years (with the option for licensees to choose one or three years), which is the maximum licence period for all licensees. Data from the Australian Bureau of Statistics suggests that the average duration of employment for real estate employees is 5.14 years.

Assuming that licensees would adopt the five-year licence term, based on a change in frequency from 5.14 to five years, and using the time to apply for a licence as a proxy for the processing of representatives, this change would result in a cost in Victoria of \$0.01 million per annum or \$0.06 million NPV over ten years as at 1 July 2012.

Changes to qualification requirements

This section focuses on the impacts on licensees. A consideration of the potential impacts on consumer outcomes from the removal or reduction of licensing requirements, including qualification requirements, is provided in section 4.1.3.

Changes to qualification requirements for real estate agents

Currently in Western Australia, South Australia, Tasmania and the Northern Territory, entrants who wish to obtain a real estate agent's licence are required to obtain a diploma. Under national licensing, prospective licensees in these jurisdictions would only be required to obtain a Certificate IV. The difference in cost between a Certificate IV and a diploma-level qualification is estimated to be in the range of \$1,320 to \$2,700.

In the Australian Capital Territory, however, only 18 units taken from the Certificate IV and the diploma are currently required to obtain a licence. Hence, moving to a full Certificate IV requirement will lead to a cost for licensees. A cost will also occur in Queensland where 19 units of competency are currently required for licensing purposes.

Based on the time and fees spent on the relevant training courses, the total impact on industry from the changes to qualification requirements is \$1.56 million per annum or \$10.17 million NPV over ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.20.

Table 4.20: Impact on licensees from changes to qualification requirements for real estate agents

\$ million	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	(0.43)	0.96	0.84	0.09	(0.04)	0.15	1.56
10-year NPV as at 1 July 2012	(2.77)	6.22	5.47	0.59	(0.29)	0.96	10.17

Changes to qualification requirements for agent's representatives

Under national licensing, the qualification requirement for an agent's representative will be the completion of four specific units of competency. This will represent a change in the number of units of competency required in all states other than New South Wales and Tasmania (which does not license agent's representatives). For Victoria, the number of units will increase by one, leading to a small cost for licensees. In Queensland South Australia, Western Australia, the Australian Capital Territory and the Northern Territory, the number of units will fall, benefiting licensees.

The change in unit requirements will have time- and fee-based impacts, as licensees must spend time undertaking units of competency and pay fees to training providers. The impact for each jurisdiction has been calculated based on various changes in the number of units of competency required and the time and fees to undertake them.

The overall impact at a national level is \$12.27 million per annum (annualised over ten years), or \$79.76 million NPV over ten years as at 1 July 2012. The distribution of impacts across jurisdictions is shown in Table 4.21. For further information on the assumptions underlying these estimates, see Attachment G.

If the qualification units not being included under national licensing are still deemed to be necessary by employers to undertake the work of a representative, employers may still require them or replace them with on-the-job training. If this occurred, the quantified benefits would be reduced. The extent to which this would occur is unclear.

Table 4.21: Impact on licensees from changes to qualification requirements for agent’s representatives

\$ million	Vic	Qld	WA	SA	ACT	NT	National
Annualised ongoing impact	(0.85)	4.32	3.01	4.59	0.06	1.15	12.27
10-year NPV as at 1 July 2012	(5.55)	28.10	19.56	29.82	0.39	7.45	79.76

Changes to qualification requirements for strata managing agents

Under national licensing, the qualification requirement for a strata managing agent will be a Certificate IV. This will represent a change in the number of units of competency required in some jurisdictions. In the Northern Territory, the number of units will decrease because a diploma is currently required, leading to a benefit for licensees. In the Australian Capital Territory⁷⁰, a qualification requirement will be introduced, increasing the number of units and leading to a cost for licensees. For strata managers licensed in New South Wales however, the qualification requirement is already set as a Certificate IV. The licensing of owners’ corporation managers in Victoria will continue under current arrangements and will not be included in national licensing.

The change in unit requirements will have a time- and fee-based impact, as licensees must spend time undertaking units of competency and pay fees to training providers. The impact for each jurisdiction has been calculated based on various changes in the number of units of competency required and the time and fees to undertake them.

The overall impact at a national level is a cost of \$0.03 million per annum (annualised over ten years), or a cost of \$0.17 million NPV over ten years as at 1 July 2012. The distribution of impacts across jurisdictions is shown in Table 4.22. For further information on the assumptions underlying these estimates, see Attachment G.

Table 4.22: Impact on licensees from changes to qualification requirements for strata managing agents

\$ million	ACT	NT	National
Annualised ongoing impact	(0.03)	0.003	(0.03)
10-year NPV as at 1 July 2012	(0.19)	0.02	(0.17)

Changes to qualification requirements for real estate auctioneers

Currently, many states and territories require auctioneers to hold a real estate agent’s licence (or agent’s or sales representative licence) to undertake auctioneer work. That is, auctioneer work either forms part of the regulated work of the licence or requires a licence as a prerequisite to an auctioneer’s licence. Under national licensing, to obtain an auctioneer’s licence, only three specified units of competency will need to be undertaken, representing a decrease in qualification requirements in most jurisdictions. The only exception to this is in Western Australia and the Northern Territory, where no units of competency are currently required and the three proposed units will be an additional cost.

Under national licensing, for licensees who choose to undertake both real estate agent work and auctioneer work, there would be no impact in terms of qualification requirements. These licensees would continue to undertake the qualifications required for a real estate agent’s licence, and it is

⁷⁰ The Australian Capital Territory government has yet to make a decision on whether a national licence will be issued for strata managers.

assumed that, through selection of appropriate electives, they would be able to complete the required unit(s) for an auctioneer’s licence within their Certificate IV.

Other than in Western Australia and the Northern Territory, licensees who only undertake auctioneer work will benefit from no longer having to undertake competencies associated with a real estate agent’s licence. Depending on their jurisdiction, these licensees would save both time and fees from no longer completing between one and 23 units of competency.

The percentage of potential future auctioneer licensees who would only do auctioneer work under national licensing is unknown. To provide an indicative estimate of the potential impact on these licence holders, it is assumed that the 5 per cent of licensees who hold an auctioneer’s licence would only work as an auctioneer and would not undertake any other scope of work. Based on this assumption, the overall benefit of changes in qualification requirements for auctioneers is \$0.46 million per annum (annualised over ten years), or \$2.98 million NPV over ten years as at 1 July 2012. The distribution of impacts across jurisdictions is shown in Table 4.23.

Table 4.23: Impact on licensees from changes to qualification requirements for real estate auctioneers

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	0.19	0.09	0.02	(0.03)	0.07	0.005	0.01	(0.003)	0.35
10-year NPV as at 1 July 2012	1.24	0.57	0.15	(0.18)	0.48	0.030	0.04	(0.02)	2.31

For more details on the calculations and assumptions underlying these estimates, see Attachment G.

Changes in qualification requirements for agents undertaking business and real estate work

Under national licensing, a separate licence category for business agents will be created in Victoria, Queensland, South Australia and Tasmania. These jurisdictions currently take a broader approach to licensing agents: both real estate and business agency work are combined in one licence. For licensees who want to undertake both business and real estate agency work, while two licences, would be required, this could be streamlined administratively through a single application, reducing any administrative costs. Hence, in terms of applying for and renewing their licence, the impact of separating real estate agents and business agents would be reduced because licensees would simply tick both licence categories on their application form.

Separating the two licence categories does, however, have an impact on the level of qualifications required. While a Certificate IV is required for both of these licence categories, to cover all of the mandatory units of competency it is estimated that one additional unit would be required.

This assumes that licensees would become real estate agents and then qualify to also hold a business agent’s licence. While two additional units would be required to do this, advice on the likely structure of the proposed qualifications is that one of these units could be done as an elective within the Certificate IV already being undertaken for the real estate agent’s licence.

The proportion of real estate agents who also undertake business agency work in the relevant jurisdictions is unknown.

The impact of one additional unit for those who do both real estate and business agency work is estimated to be \$0.06 million per annum (annualised over ten years), or \$0.40 million NPV over ten years as at 1 July 2012. The distribution of impacts across jurisdictions is shown in Table 4.24.

Table 4.24: Costs to licensees who undertake both real estate and business agency work

\$ million	Vic	Qld	SA	Tas	National
Annualised ongoing cost	0.02	0.04	0.01	0.001	0.06
10-year NPV as at 1 July 2012	0.11	0.25	0.04	0.01	0.40

4.2.6 Business value-add

Part of the benefit of these reforms accrues to labour that is selling property services. However, part of the benefit of these reforms accrues to whoever is buying those property services. That could be a business or a household. For a business, having a larger quantity of lower cost property services allows the sector to undertake more work at a cheaper price and earn higher profits. Households that purchase property services will gain from access to more and cheaper services.

For the purpose of this Decision RIS, the benefits to the business and household buying property services are assumed to be one-third of the direct benefit to labour. This estimate is based on research conducted by the Australian Bureau of Statistics on income shares for factors of production (labour and capital), which estimates the profit share of total factor income (essentially the return to capital of total income in the economy).⁷¹ This measure is the best available indicator of the extent to which income is returned to capital (as opposed to being returned to labour in the form of wages). Queensland has advised that a lower rate may be more appropriate for property occupations; Queensland believes that the industry would have a lower ratio than the average for the economy as a whole.

The net efficiency benefits (i.e. time-based impacts only) to licensees on an ongoing basis under national licensing are estimated to be \$40.83 million in net terms per annum. This translates into a net benefit to business of \$22.97 million per annum in terms of business value-add gained, or \$150.80 million NPV over ten years. The distribution of impacts across jurisdictions is shown in Table 4.25. The impact in Victoria is negative because the efficiency losses from new requirements outweigh the time savings from decreases in obligations.

Table 4.25: Business value-add – ongoing net impact to business

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	7.83	3.57	7.42	2.58	0.99	0.07	0.30	0.21	22.97
10-year NPV as at 1 July 2012	51.38	23.45	48.73	16.91	6.50	0.45	2.00	1.38	150.80

4.2.7 National Occupational Licensing Authority – ongoing operational costs

A key element of the national licensing model is the establishment of a National Occupational Licensing Authority (NOLA). The role of NOLA would be to develop consistent national policy for obtaining a licence and to administer the national system. To undertake its role, NOLA would have ongoing costs such as staff remuneration, maintenance of the national licensing register and meeting costs.

NOLA would be used for several stages of national licensing and its cost has therefore been discounted to account for this. Based on the detailed budget of NOLA provided by the COAG National Licensing Taskforce, the ongoing costs are estimated at \$1.12 million per annum or \$8.42 million NPV over ten years as at 1 July 2012. Table 4.26 illustrates the pro rata distributional

⁷¹ Australian Bureau of Statistics 2011, *Australian System of National Accounts 2010–11*, cat. no. 5204.0, ABS, Canberra.

effects of the costs (based on the distribution outlined above in Table 4.25, noting that it was agreed that the Australian Capital Territory would not be required to contribute to the cost of NOLA).

Table 4.26: National Occupational Licensing Authority – ongoing operational costs

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing cost	0.37	0.28	0.23	0.12	0.09	0.03	–	0.01	1.12
10-year NPV as at 1 July 2012	2.76	2.12	1.72	0.89	0.65	0.20	–	0.09	8.42

4.2.8 Potential changes in government revenue

Under many of the changes and impacts outlined above, there will be an impact on government regulators flowing from the changes to the licensing system. Where licensing is removed and there is a direct benefit to licence holders from no longer paying licence fees, there is also a cost to government through reduced revenue (essentially a transfer from government to licence holders). However, regulators would also realise some savings from no longer regulating these licensees. If fees are directly representative of the cost of regulating licensees, the net impact on government would be zero, as the loss of revenue would be exactly offset by the savings from reduced licensing activities. We note, however, that some jurisdictions (i.e. Western Australia) believe that savings from reduced licence processing will be offset by other costs associated with the reforms. Some jurisdictions may also continue to incur costs to the extent that there are any residual state-based requirements (i.e. in relation to trust accounts).

Similarly, where changes are made to training requirements (such as the removal of diploma requirements for real estate agents), training providers would receive less fee revenue (and any associated profit component) but would also no longer incur the cost of running those courses.

There is only one change (or impact) where the reduction in revenue for government is assumed not to equal the savings from changes in licensing activities, leading to a net cost or benefit to government. This is the removal of multiple licences held across jurisdictions. The impact for government in this case was discussed above.

4.2.9 Potential benefits to governments from simplified administrative arrangements

A further area of benefit considered in this analysis is the potential savings over time for governments under the proposed national licensing approach.

As set out in previous chapters, the proposed approach to national licensing would retain the role of state and territory regulators in issuing licences, conducting compliance and enforcement activities and overseeing conduct requirements. The licensing authority would be responsible for licence policy development and coordination of the system.

The investment in a licensing authority, with resources allocated to policy functions, coordination and future reforms should reduce the need for these functions at the state and territory level. There is, however, uncertainty about the extent to which these savings would be realised. Key arguments include:

- the need for resources to continue to coordinate with NOLA, which would liaise with state and territory regulators
- the desire for state and territory regulators to retain policy input, thereby removing the potential to reduce resources allocated to policy

- the need for staff to update the national licensing register with jurisdictional licence data
- the difficulties for small jurisdictions to realise savings with small teams, which would continue to work across occupations that are included in the national licensing approach, as well as other occupations that would continue to be licensed at the jurisdictional level (essentially a difficulty in achieving economies of scale).

The points reflect current views among regulatory agencies that their role, and therefore their resource requirements, is unlikely to significantly change under a national licensing approach. There is currently a strong focus on the resources required to transition to a national system (for example, the transition from jurisdiction-based licensing registers to a national register). These transition costs are not necessarily representative of future efficiencies that can be achieved once a new system is fully implemented and bedded down. It is, therefore, important to differentiate between these transition impacts and the potential benefits of administering a national licence system over the medium to long term.

A way forward appears to be an improved focus on future functions of agencies, and the extent to which there would be opportunities for savings, if agencies are willing to realise these savings over time. It is reasonable to assume that such savings would be more difficult for smaller jurisdictions to achieve, in particular the Australian Capital Territory and the Northern Territory (though currently the Australian Capital Territory has been exempt from contributing to licensing authority costs).

This Decision RIS considers three key areas where there may be opportunities to streamline state and territory functions over time under a national licensing approach. The most salient of these is the streamlining of licensing policy functions.

Streamlining policy functions

Under a national licensing approach, NOLA would be responsible for developing national licensing policy for each occupational area and overseeing its consistent application by jurisdictional regulators. The operation of licensing services would be delegated to the existing jurisdictional regulators. State and territory regulators would use existing staff and infrastructure for these licensing functions.

Centralising policy development would allow state and territory governments to scale back the resources they currently allocate to these functions. The licensing authority would provide policy direction to jurisdictional regulators, which should reduce their administrative costs.

An analysis of administrative and governance requirements for a national licensing system conducted in 2009 included a preliminary analysis of the potential savings for jurisdictions.⁷² The analysis considered the total full-time equivalent resource requirement for regulators across seven occupations,⁷³ estimating what proportion of these are required for policy functions that would be conducted by the national licensing authority under the new approach. The analysis found:

- a potential saving of \$16.2 million annually across all seven occupations
- for property occupations, a saving of \$15.9 million NPV over ten years.

These estimates are a useful indication of the potential scale of savings that could be realised. However, agencies doubt that these savings could be fully realised due in part to new and additional work to support NOLA and effectively contribute to national policy development, undertake

⁷² PricewaterhouseCoopers 2009, *National Occupational Licensing System: estimating financial impacts – final report*.

⁷³ Occupations assessed were building, electrical, plumbing and gasfitting, refrigeration and air-conditioning mechanics, land transport (both passenger and dangerous goods), property and maritime.

additional administrative functions as delegates of the national licensing authority (as compared to current arrangements), or regulate additional licence categories.

Reduction of requirements to maintain the mutual recognition system

All Australian governments currently have a responsibility, under legislation, to administer and maintain mutual recognition as a means of improving the efficiency of the licensing of occupations across Australia. There are two key areas where a change to national licensing would result in reduced costs for governments.

The *Mutual Recognition Act 1992* provides that ministers may jointly declare occupations licensed by jurisdictions to be equivalent and may specify or describe any conditions necessary to achieve equivalence.

The ministerial declarations are an important component of the entire mutual recognition approach, as they establish equivalence in licences, thereby improving the effectiveness of outcomes from mutual recognition applications. Maintaining this system does, however, require an ongoing resource commitment by all governments, for key tasks such as reviewing the ministerial declarations and updating the schedules of occupations and their relevant conditions.

Those agencies that make decisions based on the ministerial declarations (i.e. state and territory regulators) must ensure that their staff understand how to use them and that they are updated on changes to the licence equivalence tables contained within the declarations.

Under national licensing, fewer resources would be required to maintain ministerial declarations and update the information contained in the declarations. This results in a cost saving for all state and territory governments. The potential amount of cost saving will vary across governments, depending on the current resource allocation to these tasks, how regulators change their practices under a national licensing approach and whether a commensurate level of work is required to maintain national regulations and other instruments.

Currently, licensing authorities are required to explain mutual recognition principles to licence holders and businesses, including providing guidelines and information about the operation of mutual recognition in relation to the occupations for which they are responsible. Under mutual recognition, licensing authorities must also provide information reasonably required by another licensing authority about a person seeking a licence. Under national licensing, regulators would continue to communicate licensing requirements; however, it is likely that the simplified arrangements under national licensing, and the inclusion of a national licensing register, would reduce the complexity of information that needs to be communicated (such as removing the need to explain the conditions under which mutual recognition may or may not apply).

It should be noted that there would still be a need for mutual recognition of licences that are not covered under national licensing and that there would also be a need to recognise occupational licences from New Zealand under the Trans-Tasman Mutual Recognition Arrangement.

4.2.10 Other impacts that have not been quantified

Consistency of licensing requirements

Currently, when applying for a licence in another jurisdiction, the licence holder incurs costs associated with understanding the different requirements to gain a licence in that jurisdiction. While in some cases the differences between jurisdictions may be minimal, in others they may be significant. Therefore, applicants cannot assume that their knowledge of licensing requirements would be transferrable to another jurisdiction, and they must invest some time in investigating licence requirements for the jurisdiction in which they wish to work.

Under national licensing, there would be a single licensing system for licence holders to understand and adhere to. Licence holders who work in more than one jurisdiction would benefit from greater consistency in licensing requirements across jurisdictions. National licensing would provide consistency across all licensing characteristics, including:

- the regulated work that can be performed
- licence categories
- exemptions from licensing
- skills- and non-skills-based requirements.

Therefore, those operating in multiple jurisdictions would experience a saving gained by no longer needing to invest time in understanding the differences and nuances of licensing systems in more than one jurisdiction. This potential time saving would vary depending on the type of licence and jurisdiction where the application is being lodged. There is currently insufficient data to quantify this time saving. It should be noted that licensees will still need to understand local conduct requirements in the jurisdictions in which they undertake regulated work.

Benefits from enabling future reforms

The property occupations are one of four first-wave occupational areas being considered for national licensing. Further reforms are proposed in second-stage occupational areas (including building-related occupations) and in the harmonisation of conduct requirements. These reforms are linked in terms of providing a complete reform of licensing requirements. In particular, conduct reforms are likely to deliver related benefits for licence holders where current regulatory requirements for licences are included in conduct requirements. For example, a number of potential benefits from the reform of licence requirements in this Decision RIS are not included in estimates as they fall under conduct requirements.

Introducing nominees

The introduction of nominees is a similar concept to current arrangements in all jurisdictions. While the term 'nominee' is not used a principal licensee must be in charge of the agency business in Queensland, Western Australia and Tasmania. In South Australia, a body corporate must ensure that the agent's business is properly managed and supervised by a registered (licensed) agent. In New South Wales and the Australian Capital Territory a corporation must have at least one director who also holds an individual licence in their own right. A real estate business (corporation) must be managed by a licensed real estate agent in Victoria and Tasmania, and the Northern Territory requires a person identified as a business manager and this person must be a licensed agent.

The nominee requirement would assist the regulator, as it would enable them to track down a 'responsible person' in relation to a licensed company, thereby making it easier for the regulator to undertake compliance and enforcement activities. The directors of a company can also be identified by regulators for compliance purposes. While this reform may benefit regulators, it may also impose a small cost on licensed companies. Most companies that want to hold a property licence would be expected to already employ an existing licensee who could act as a nominee. Therefore, there would be no licensing costs directly resulting from this reform. There may, however, be costs incurred from:

- identifying an appropriately licensed employee or director to act as the nominee
- obtaining the nominee's agreement
- notifying the regulator of who the company will be nominating (i.e. filling out the appropriate form, etc.).

This cost has not been included in this analysis; however, the extent of this cost is expected to be minimal and would not be likely to materially affect the results.

Removal of licensing for stock and station agents

Stock and station agents are specifically licensed only in New South Wales, Queensland (pastoral house licence) and the Australian Capital Territory. These agents sell, lease or manage rural property and livestock. The selling of livestock in other jurisdictions is either not licensed or regulated under other licences. Under national licensing, the station element (rural residential property) of a stock and station agent will be captured under a real estate agent's licence. The inclusion of licensing for the selling of 'stock' is not included in the preferred model. The COAG National Licensing Taskforce has advised that, given that other licences will continue to apply, any savings from this change would be minor.

Inclusion of auctioning and sale of livestock

Licensing for the auctioning and sale of livestock is not being proposed under the preferred national licensing model. However, stakeholder submissions strongly support the maintenance of existing arrangements as auctioning and sale of livestock are regarded as important elements of rural agency work.

The auctioning of livestock is currently licensed in six jurisdictions: New South Wales, Queensland, Western Australia, Tasmania, Northern Territory and the Australian Capital Territory. A licence for the sale of livestock is required in New South Wales, Queensland and Tasmania. While these arrangements are in place there has been limited evidence to support the inclusion of these categories in the preferred model of national licensing, based on an assessment of the potential risks of not licensing these areas of work.

The cost of including licences for the auctioning of livestock and the sale of livestock would be minimal and has not been quantified. It has not yet been determined which of jurisdictions would pick up the national licences, should a decision be made to include these under national licensing.

Other impacts

Some further remaining benefits are worth noting in this section but have not yet been quantified. These impacts are minor and are not expected to have a significant impact on the analysis, and include:

- The benefits to licensees from removing licences for narrow scopes of work. Some jurisdictions currently have a series of licences that cover work such as resident letting, corporate resident letting, buyer's agent work and property management. Under national licensing, the scope of work for these licences will either be covered by a broader licence category or will become unlicensed, which could lead to benefits for licensees. If a licensee is captured by a broader licence category, however, there could be additional costs for new licensees to undertake a higher level of qualification in order to obtain the broader licence.
- The removal of additional testing or eligibility requirements such as age requirements. The removal of these requirements would reduce barriers to licensing and benefit new licence holders.

- The broadening of the scope of work for strata managers in Victoria⁷⁴. This means that appointees of owners' corporations who manage functions without delegation may be captured where they were not before. This would require them to obtain a licence and complete a Certificate IV qualification. It is unclear how many people this would be likely to affect as they are currently not licensed.
- The removal of several restricted licences in Queensland. Future licensees who would have applied for these licences may incur costs from having to obtain a full licence. For example, this would apply for resident letting agents when letting for more than 90 days and for affordable housing licensees.
- The effect of not extending the preparation of contracts by licensees in South Australia, which is currently allowed due to a provision in the *Legal Practitioners Act 1981 (SA)* in recognition of the skills and training of land agents and property agent's representatives in this area. If this provision cannot be extended to licensees under national licensing, it may impose costs on consumers in South Australia.
- The acceptance of non-current qualifications, which would only be accepted for a three-year period from the commencement of national licensing. In jurisdictions that currently accept qualifications for a longer period without further testing, licensees could incur additional costs under this change.

4.3 Impacts on consumer outcomes

Under national licensing, it is proposed that a number of current requirements for licensing be removed on the basis that they represent an unnecessary regulatory burden for licence holders. Several of these requirements have the potential to affect consumer protection outcomes, namely:

- changes in licence periods
- the removal of experience requirements
- the proposed removal of mandatory continuing professional development
- proposed changes to qualification requirements in some jurisdictions.

Attachment F of this Decision RIS provides a detailed analysis of the risks associated with property work. In a property transaction, the consumer faces such risks as not finding a buyer or tenant, failure to maximise the value of the property and loss of deposit or rental income. The engagement of an agent can assist in managing some of those risks but can also generate further risks. Such risks include incompetence, unethical or dishonest behaviour, poor quality of service, misrepresentation and business failure.

The 2008 statutory review of the *Property, Stock and Business Agents Act 2002 (NSW)* indicated that the most common complaints about property agents in New South Wales for the 2003–07 period related to:

- unsatisfactory performance of service
- misleading and deceptive behaviour
- failure to account for money held in trust
- unlicensed trading

⁷⁴ The Victorian Government has advised that the registration of owners' corporation managers (strata managers) will remain the responsibility of that State. However, the impacts of introducing a national licence for this work are included in this RIS.

- refunds
- general compliance with legislation
- general complaints about rights and responsibilities
- repairs and maintenance.⁷⁵

Approximately 611 monetary claims are made by consumers against property agents nationally each year, averaging \$4.8 million per year.⁷⁶

The key consideration for this analysis is whether any of the proposed changes in licensing arrangements would alter consumer protection outcomes. An assessment of the potential risks associated with property work, and the proposed changes in the licensing arrangements, considers risks linked to consumer protection and the proposals are met. Several changes are administrative in nature and do not alter the coverage of licensing across the industry (that is, they do not remove a person from licensing altogether).

Changes to licence periods would not alter licence requirements, though they would potentially lengthen the time between renewal, and therefore the time period for regulators to receive updated information. However, across the entire licence period, whatever the length, compliance and enforcement would continue to be required – renewal is just one element of the process.

Throughout the consultation period, and following the release of the Consultation RIS, the REI have consistently stated that entry level qualifications should be set at the highest qualification applying in any jurisdiction, on the grounds of advancing consumer protection and industry professionalism. The primary focus of feedback has been on requiring licensed real estate agents to hold a diploma rather than a Certificate IV, but the issue of an appropriate number of units of competency for an agent's representative and auctioneer also received attention. The REIA, the majority of its state institutes, and REINSW have been the main proponents of this issue. The arguments expressed focus on the business risk associated with the operation of an agency. The additional business skills contained in a diploma are not directed at the work being regulated and a requirement to hold this qualification would unnecessarily increase compliance costs and the time taken to complete the qualification. Imposition of the diploma level would not be consistent with Australia's excellent ranking in terms of low cost and time requirements to start a business.⁷⁷

The establishment of the national register will provide more consistent information for consumers across the country as well as enhanced quality of data.

4.4 Comparing the impacts of licensees working in single and multiple jurisdictions

Of the impacts that have been quantified in this analysis, there are two impacts that relate only to those licensees and businesses that work across more than one jurisdiction. These are:

- benefits from improved labour mobility
- benefits from the removal of multiple licences held across jurisdictions.

To demonstrate the impact of national licensing on those who work in a single jurisdiction versus those who operate across multiple jurisdictions, Table 4.27 shows the quantified impacts separated out for each of these groups. The separation of the results has been calculated based on:

⁷⁵ NSW Office of Fair Trading 2008, *Statutory review of the Property Stock and Business Agents Act 2002*, 'Attachment B – Year in Review Extracts'.

⁷⁶ Based on the total moneys claimed, 2004–05 to 2008–09.

⁷⁷ OECD 2012, *Doing Business 2012: Regional Profile: OECD High Income*, p. 12.

- the percentage of licensees in each state and territory domiciled in another jurisdiction
- the estimated distribution of multiple licence holders across each of the jurisdictions.

For more detail on these two assumptions, see Attachment G.

Table 4.27: Comparison of the impacts of national licensing on licensees working in a single jurisdiction versus licensees working across more than one jurisdiction

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Impacts on those who currently operate in only one jurisdiction									
Ongoing net impact per annum	32.84	1.99	6.44	18.07	6.55	0.23	1.10	1.38	68.59
Transition cost	(4.86)	(2.77)	(4.43)	(2.54)	(1.17)	(0.38)	(0.52)	(0.50)	(17.18)
Impacts on those who operate in more than one jurisdiction									
Ongoing net impact per annum	9.65	3.98	7.86	3.45	1.52	0.35	0.51	0.75	28.07
Transition cost	(0.19)	(0.15)	(0.13)	(0.09)	(0.09)	(0.34)	(0.12)	(0.16)	(1.29)
Total impacts									
Ongoing net impact per annum	42.49	5.97	14.29	21.52	8.07	0.58	1.61	2.13	96.66
Transition cost	(5.05)	(2.93)	(4.56)	(2.63)	(1.26)	(0.72)	(0.64)	(0.66)	(18.46)

4.5 Wider economic impacts on the Australian economy

Computable general equilibrium (CGE) modelling was undertaken to quantify the potential economy-wide (or flow-on) effects of an increase in efficiency that is predicted to result from the introduction of national licensing for the property occupations in Australia. This includes the potential impact of improvements in labour mobility, which allows resources to be more efficiently allocated across the economy.⁷⁸

The purpose of using a CGE model for this analysis is to demonstrate the potential economy-wide impacts of the national reform to the licensing of the property occupations. CGE is a highly regarded and widely applied tool to measure the economic impacts of policy and regulatory change. For example, this approach has been used to measure the impacts of key reforms, including:

- national competition policy⁷⁹
- climate change policies, including emissions trading and a carbon tax⁸⁰

⁷⁸ The challenge for the analysis is that it is difficult to estimate the allocative efficiency impacts that may arise from changes to labour mobility. While the Monash Multi-region Forecasting Model can be used to estimate these impacts, this is a complex exercise that is beyond the scope of this study. Rather, the modelling draws on prior work undertaken by the Productivity Commission relating to allocative efficiency gains arising from mutual recognition – this is discussed in more detail in the cost–benefit analysis. The economy-wide gains in the commission’s modelling have been translated into an input into the current CGE modelling exercise. This input takes the form of a shock to labour efficiency and is prorated for the size of national occupational reforms for the property occupations

⁷⁹ For example, the Industry Commission conducted a review of Hilmer Competition reforms in 1995 that estimated the growth and revenue implications of reform using a CGE modelling approach. See Industry Commission 1995, *The growth and revenue impacts of Hilmer and related reforms: report to the Council of Australian Governments*.

- the COAG national reform agenda⁸¹
- tariff reforms.

CGE modelling can provide insights into the economic impacts of reforms that an analysis of the direct costs and benefits cannot. Direct measures are valuable because they can target the specific, immediate impacts of change, focused on particular stakeholders or sectors in the economy. CGE modelling takes the analysis further by acknowledging the interdependence and interrelationships between sectors in the economy. When done appropriately, it provides a picture of how reforms have impacts across the economy, including on those sectors not directly affected by the reforms.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted.

4.5.1 The shock to the model – the scenario modelled for this Decision Regulation Impact Statement

Under national licensing requirements, barriers to entry for the property occupations in each jurisdiction are expected to be reduced through, for example, reduction in costs for licensing and an increase in the readiness to work between jurisdictions. This is translated as:

- an increase in efficiency of labour in property services
- an increase in efficiency of capital in property services
- a reduction in multiple licence fees that those in the property occupations pay to government.

Additionally, the reform will affect the amount of public administration that the state and territory governments consume, as they will have to process fewer licences.

To model each of these impacts, calculations based on the results of the cost–benefit analysis have been drawn on. Only the ongoing costs and benefits from the cost–benefit analysis have been modelled.

4.5.2 Key results

Key economic mechanisms in play – moving from the initial shock to the wider economy

It is not appropriate to sum the results of the economy-wide CGE analysis and direct impacts estimated through the cost–benefit analysis. Instead, the economy-wide results should be interpreted as providing insights into the mechanisms by which the direct impacts flow through the economy and lead to benefits in those areas of the economy that are not directly affected by the change in licensing arrangements.

⁸⁰ Such as the modelling of various carbon tax and emissions trading scenarios conducted by the Commonwealth Treasury. The Monash model, which is used in this Decision RIS, was also used to model the impacts of emissions trading for the Garnaut Review.

⁸¹ As conducted as part of the following commissioned research study: Productivity Commission 2010, *Impacts and benefits of COAG reforms: reporting framework – research report*, Canberra.

The impacts of an increase in efficiency

When viewed in the context of the Australian economy, it is to be expected that the economy-wide effects of a labour and capital efficiency shock to the property services component of the business services industry will be small. Nevertheless, the results illustrate the economic mechanisms that may be in play as the efficiency gain flows through the wider economy.

The increase in the productivity of labour in the property services sector decreases production costs for users of these services, particularly the business services industry. In the CGE framework, this is passed on to users of business services in the form of decreased prices.

In turn, other industries in the economy experience positive flow-on effects, resulting from a decrease in the cost of production, and hence prices, across many industries in the Australian economy. This mechanism is illustrated in Figure 4.1.

Figure 4.1: Flow-through effects of an increase in productivity in the business services industry



Similarly, an increase in the efficiency of capital draws down the cost of production in the business services industry. In the CGE framework, this is passed on to users of business services in the form of decreased prices.

In turn, other industries in the economy experience positive flow-on effects, resulting from a decrease in the cost of production, and hence prices, across many industries in the Australian economy.

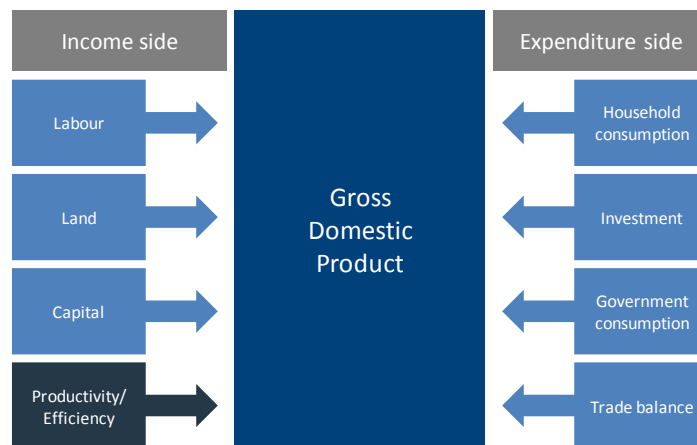
The impacts of a decrease in fees paid by licensees

A decrease in the fees that property licensees pay to government results in an increase in the post-tax income for the property industry. This results in a higher level of income across Australia, leading to a higher level of household consumption.

Macroeconomic results

At a macroeconomic level, the results may be viewed from both sides of GDP, that is, the income side and the expenditure side. This is illustrated in Figure 4.2.

Figure 4.2: Income and expenditure side of GDP



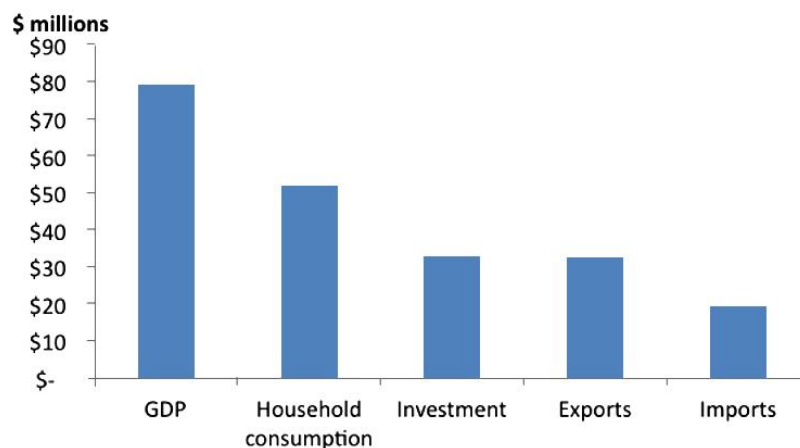
The modelling shows that national licensing for the property occupations is likely to increase GDP in a typical year by approximately \$79 million.

The rise in income drives an increase in consumption, which is a proxy of welfare, of \$35 million in a typical year. The increase in consumption is driven by an increase in household consumption. The consumption of the Australian Government increases; however, this is offset by a decrease in state government consumption. The harmonisation of licences induces an increase in investment in Australia, which increases by \$33 million in a typical year. This additional investment leads to an increase in the capital stock in Australia of \$21 million.

The harmonisation of the property licences causes a real depreciation of the Australian exchange rate, as domestic goods and services become cheaper relative to foreign goods and services. This causes exports to increase by \$33 million in a typical year. While imports become relatively more expensive than domestically produced goods and services, increases in investment and household consumption boost demand for imports, resulting in an increase in imports of \$19 million in a typical year.

These key macroeconomic results are summarised in Figure 4.3.

Figure 4.3: Key macroeconomic results, \$ million for a typical year



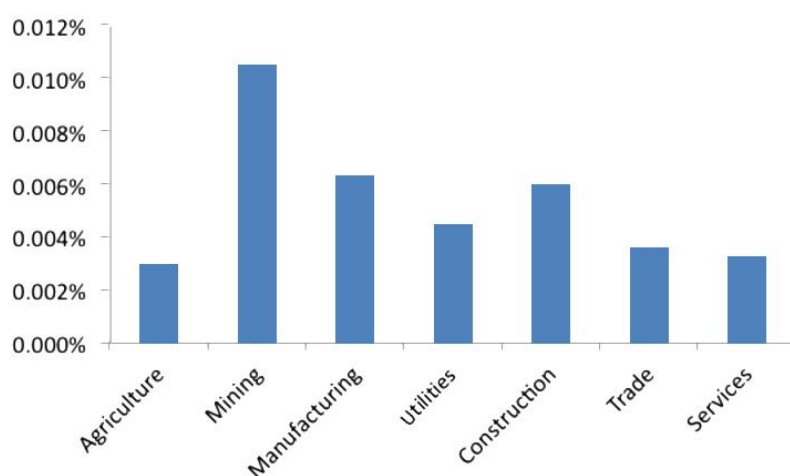
Source: Monash Multi-region Forecasting Model and PricewaterhouseCoopers.

Industry results

The industries that benefit under the modelled scenario are those that face lower costs of production (due to the reduction in the price of business services), together with those that are positively affected by the improvement in the terms of trade (that is, export-intensive industries).

Figure 4.4 illustrates the impact on key sectors in the economy. The mining and construction sectors benefit the most from the reform in terms of growth. The benefits associated with the mining sector appear to be associated with the significant proportion of transient workers in the mining sector. It is important, however, to be mindful of the limitations of input–output (I–O) modelling when assessing the point estimates of the industry-specific impacts. A key limitation is the presence of significant standard error in some elements of the I–O matrix, thereby rendering point estimates imprecise.

Figure 4.4: Key industry results, percentage increase



4.6 Sensitivity testing of key assumptions

A sensitivity analysis of key assumptions of the cost–benefit analysis was undertaken for this Decision RIS. As the Office of Best Practice Regulation states:

‘There may be considerable uncertainty about predicted impacts and their appropriate monetary valuation. Sensitivity analysis provides information about how changes in different variables would affect the overall costs and benefits of the regulatory proposal. It shows how sensitive predicted net benefits are to different values of uncertain variables and to changes in assumptions. It tests whether the uncertainty over the value of certain variables matters, and identifies critical assumptions.’⁸²

4.6.1 Labour mobility assumptions

The benefits from labour mobility represent a significant share of the total benefits attributed to national licensing. Given the exact impact of labour mobility is also uncertain (as it is only one possible scenario), it is appropriate to conduct sensitivity analysis of this impact. The assumption with the greatest level of uncertainty in estimating the benefit of labour mobility is that 10 per cent of the benefit estimated by the Productivity Commission would potentially be realised through national licensing. Sensitivity has therefore been conducted on this 10 per cent assumption.

⁸² Australian Government Office of Best Practice Regulation 2010, *Best practice regulation handbook*, Canberra.

After the release of the Consultation RIS, no feedback was provided by stakeholders that indicated an assumption of 10 per cent was inappropriate. However, further feedback received from jurisdictions suggests that some States and Territories believe an estimate of 10 per cent should be considered as an upper bound estimate. As such, the assumptions used in this sensitivity analysis represent lower estimates than the 10 per cent used in the main analysis reported in this Decision RIS. The two alternative assumptions shown in this analysis are that:

- national licensing would potentially result in **5 per cent** of the full labour mobility benefit estimated by the Productivity Commission
- national licensing would potentially result in **2 per cent** of the full labour mobility benefit estimated by the Productivity Commission.

The overall impact of national licensing for the property occupations under these assumptions, compared to the 10 per cent assumption, are shown in the Table 4.28 below.

Table 4.28: Net overall impact of national licensing under various labour mobility scenarios

NPV over 10 years (\$ million)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
10% change in labour mobility	271.63	35.98	88.89	137.51	51.25	3.05	9.91	13.22	611.45
5% change in labour mobility	245.95	24.26	64.52	129.06	48.00	2.83	8.91	12.54	536.05
2% change in labour mobility	230.53	17.23	49.90	123.98	46.05	2.69	8.31	12.12	490.81

NPV = net present value

[Note that 1% would lead to positive results for all jurisdictions]

4.6.2 Alternative licence period

The national licensing model assessed in the Consultation RIS included a standard licence period of three years across all licence types and jurisdictions. A proposal has been agreed for a flexible approach that will allow licensees to apply for a one, three or five year term (i.e. five years as a maximum based on individual needs). The following discussion was included in the Consultation RIS to inform the decision process. It has been retained here to demonstrate the variables considered and the impact that they have.

The impacts of three alternatives are assessed:

- a shorter licence period of three years as a maximum
- a higher licence period of ten years as a maximum
- a perpetual licence, meaning that there is no defined period to the licence and it never needs to be renewed.

Under a three (or ten) year maximum licence period, licensees in jurisdictions that currently have a licence period of less than three (or ten) years would benefit because they would not need to renew their licence as often. Other than Tasmania, the highest licence period currently set by states and territories is three years. Therefore, under a ten year maximum period, licensees in all jurisdictions other than Tasmania would benefit from renewing their licence less often. It should be noted that real estate agents would still be required to lodge annual trust account reports. Under a three year maximum period, licensees in jurisdictions that currently offer a three year period would not experience an impact.

Under a perpetual licence, licensees in all jurisdictions other than Tasmania would benefit from no longer needing to periodically renew their licence. New licensees would still need to apply for a

licence, but once it was received and eligibility criteria met, no renewals would be necessary. Therefore, the cost in time and fees currently spent on renewing licences would be entirely avoided under this option. Tasmania would experience no impact because it already has a perpetual licence for the property occupations.

Assuming that only the processing component of fees would be affected by a change to the licence period, Table 4.29 shows the overall quantified net impact under each licence period assessed.

Table 4.29: Net overall impact of national licensing under various licence periods

Total NPV over 10 years (\$ million)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
1, 3 or 5 year licence period	271.63	35.98	88.89	137.51	51.25	3.05	9.91	13.22	611.45
Maximum of 3-year licence period	268.23	31.13	77.84	134.07	51.17	3.00	9.63	13.06	588.13
Maximum of 10-year licence period	274.19	39.63	97.17	140.09	51.31	3.09	10.12	13.35	628.94
Perpetual licence	276.75	43.27	105.45	142.67	51.37	3.13	10.33	13.47	646.43

4.6.3 Net present value assumptions

Discount rate

A sensitivity analysis was undertaken on the 7 per cent discount rate used to calculate NPV figures in this Decision RIS. Table 4.30 highlights the impact that alternative discount rates (specifically, 3 per cent and 10 per cent) have on the total cost estimates for the proposed option.

Table 4.30: Alternative discount rates for the proposed option

National NPV over 10 years (\$ million)	7 per cent	3 per cent	10 per cent
National licensing (1, 3 or 5 year licence period)	611.45	778.86	516.50

Net present value operating period

A sensitivity analysis was undertaken on the operating period used to calculate NPV figures in this Decision RIS. Table 4.31 highlights the impact that increasing the operating period (specifically, from ten years to 15 and 20 years) has on the total cost estimates for the proposed option.

Table 4.31: Alternative net present value operating period for the proposed option

NPV over 10 years (\$ million)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
10-year operating period	271.63	35.98	88.89	137.51	51.25	3.05	9.91	13.22	611.45
15-year operating period	363.50	48.30	118.57	184.39	68.83	4.31	13.39	17.87	819.17
20-year operating period	433.93	57.46	140.74	220.50	82.37	5.29	16.05	21.46	977.80

Note: A real discount rate of 7 per cent has been used.

The results in Table 4.31 highlight the impact that different assumptions about the operating period can have on the estimated costs and benefits of the proposed option. In this case, increasing the

operating period has a positive effect on the NPV estimate as the majority of costs are over a short period (i.e. transition), while the majority of benefits are over a long period.

4.7 Costs and benefits of the automatic mutual recognition option

Automatic mutual recognition could achieve some of the same labour mobility benefits as national licensing, as it would enhance the ability for some labour to flow where property occupations are most needed and would reduce administrative and financial costs in the form of additional fees where licences are held across jurisdictions. Some of the transition costs incurred under national licensing would also be relevant under automatic mutual recognition. For example, licensees intending to work interstate would need to spend time understanding the new licensing system and government would incur communications costs in informing licensees of the changes.

While national licensing seeks to reduce the number of categories, there is no mechanism or compulsion under automatic recognition to make such changes. Automatic recognition retains individual jurisdictions' licensing frameworks and for that reason involves a lower transition cost to that envisaged under national licensing.

4.7.1 Automatic mutual recognition – unharmonised approach

Under this approach, a licence holder would automatically be allowed to perform the scope of licensed work authorised by their jurisdiction-based licence across all jurisdictions regulating that work, without applying for an additional licence or paying an additional fee. The regulated work and licence type would not be harmonised or made consistent in any way. It would be the responsibility of the licence holder, regulator and employer to understand the licensed work authorised by a licence issued by any jurisdiction. Unlike existing mutual recognition arrangements, the licence would not be 'translated' into the regulatory terms of the jurisdiction of operation. It could therefore be expected that compliance monitoring would be substantially more difficult for regulators and there would be a risk of licensees working outside their scope of work in second jurisdictions, potentially affecting consumer protection and health and safety.

This option is similar to the arrangements that apply to a driver's licence, where a licence in one jurisdiction entitles the bearer to drive anywhere in Australia. However, it should be noted that the standard automotive driver's licence arrangement works because the regulated work – driving – is essentially the same in all jurisdictions. The different approaches to the licensing of the property occupations mean that the various types of regulated work are significantly more varied than driving.

The 2009 *Decision Regulation Impact Statement on the National Licensing System for Specific Occupations* noted that, on examination, an unharmonised approach would not address issues of consistency or transparency, would increase the level of complexity for individuals and businesses (in understanding jurisdictional licensing and conduct differences) and has the potential to increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes by undermining the integrity of jurisdictional regulatory regimes and increasing the potential for jurisdiction shopping. It indicated that there was a significant risk that regulators would lose confidence in arrangements over time.

State and territory autonomy would be maintained and transition and implementation costs would be minimised under an unharmonised model. Jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time.

While labour mobility is an important objective of national licensing, the benefits derived from national licensing could be partly achieved by automatic mutual recognition as it too would enhance

the ability and attractiveness for some labour to flow where refrigeration and air-conditioning services are most needed.

The potential transition costs of this option include:

- time for licence holders to understand changes in licensing arrangements (i.e. how automatic mutual recognition works)
- government communications costs
- government compliance costs, where regulators are required to change their compliance arrangements to ensure that they are able to regulate for new licence holders working in their jurisdiction under automatic licences (this is both a transition and an ongoing cost)

In order to fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed. For example, the following information would be needed:

- information on the extent to which transition costs that have been estimated for national licensing may need adjusting to reflect differences in this option information from jurisdictional regulators on the costs associated with additional compliance
- information on the cost of the register of disciplinary actions, including information on the potential scale of this register, and how it may work with existing arrangements.

Table 4.32 shows the potential impacts under national licensing that could also occur under an unharmonised model of automatic mutual recognition.

Table 4.32: Potential impacts under an unharmonised automatic mutual recognition model

Potential impacts	National licensing option impacts	Likelihood of achieving national licensing benefits under AMR* (per cent)	AMR impacts
Ongoing impacts (\$ million per annum annualised over 10 years)			
Impacts that would occur for those holding equivalent licences			
Labour mobility	22.97	50	11.49
Removal of the need to hold multiple licences	2.27	100	2.27
Removal of the need to hold multiple licences – government	(0.92)	100	(0.92)
Removal of requirement for continuous professional development	36.99	0	0
Real estate agents – qualification changes	1.56	0	0
Licensees undertaking both real estate and business agency work – qualification changes	(0.06)	0	0
Agent’s representatives – qualification changes	12.27	0	0
Strata managers – qualification changes	(0.03)	0	0
Auctioneers – qualification changes	0.35	0	0
Maximum licence period of 5 years	8.00	0	0
Agent’s representatives in Victoria – increasing frequency of processing	(0.19)	0	0
Other ongoing benefits ^a	0.76	0	0
Business value-add	13.61	**	0.09 (a)
NOLA Operational Costs	(1.12)	0	0
Total Ongoing Impacts – benefits	96.66		12.93
Transition impacts (\$ million)			
Time for licensees to understand reforms	(8.35)	25	(2.09)
Government communications	(1.95)	25	(0.49)
NOLA – set-up costs	(1.31)	0	0
National licensing register – jurisdictional implementation	(4.06)	0	0
Business value-add	(2.78)	**	(0.70) (b)
Total Transition Impacts	(18.46)		(3.28)
Other potential impacts not yet quantified			
Impacts on government compliance costs and associated administrative costs	Not quantified		Higher than national licensing
Costs and benefits of a register of disciplinary actions	Not quantified		Not applicable

Potential impacts	National licensing option impacts	Likelihood of achieving national licensing benefits under AMR* (per cent)	AMR impacts
The removal of additional eligibility requirements such as age requirements	Not quantified		Not quantified

^a Other ongoing benefits include the following impacts: ‘removing experience requirements’, ‘removing advertising requirement’ and ‘reducing personal probity requirements.’

* 0% - No Impact - Where the likelihood of achieving a benefit of 0% is outlined, it is not expected that AMR would provide for the benefit to be delivered. For example, there would be no requirement for decreased qualifications under an unharmonised AMR system meaning that there would be no reduction of costs in this area;

25% - Very unlikely - Where the likelihood of achieving the same cost/benefit of 25% is outlined, it is considered very unlikely that AMR would provide for the any significant degree of the benefit or cost to be accrued. For example, the costs of communication would be significant less as the changes to the system would be minimal compared to the current mutual recognition arrangements;

50% - Unlikely = Where the likelihood of achieving a benefit of 50% is outlined, it is not expected that AMR would provide for half of the benefits/costs to be accrued but delivered. For example, the costing estimates that half of the benefit accruing from enhanced labour mobility would flow through under an unharmonised AMR system. This is because the regulated work and licence type would be continue to be whatever individual jurisdictions determine – it would not be harmonised or made consistent in any way. It would become the responsibility of the regulator and licence holder to understand the licensed work authorised by a licence issued by any jurisdiction as, unlike under existing mutual recognition, the licence would not be ‘translated’ into the regulatory terms of the jurisdiction of operation. It is expected that these complexities would continue to mitigate against labour mobility to a significant extent;

75% - Likely - Where the likelihood of achieving a benefit/cost of 75% is outlined, it is expected that AMR would provide for the much of the benefit to be delivered; and

100% - Full Impact - In these occasions, it is estimated that the same benefit/cost would flow regardless of the model being implemented. For example, under an unharmonised AMR system it is still envisaged that the need for multiple licenses will be eliminated (as it would with national licensing).

** Under AMR, business value-add will only accrue for those impacts that are likely to occur under the AMR option.

(a) The only ongoing impact likely to occur under AMR that leads to business value-add is ‘Removal of the need to hold multiple licences’. This is the business value-add associated with that impact.

(b) The only transition impact that leads to business value-add is ‘Time for licensees to understand reforms’. As only 25 per cent of this impact is expected to be incurred under AMR, only 25 per cent of the associated business value-add would be incurred under the AMR option.

4.7.2 Automatic mutual recognition – harmonised approach

To manage regulatory differences, jurisdictions could agree to harmonise licensing requirements. This could be undertaken initially where equivalence is more easily determined, or based on updated ministerial declarations of equivalence. The substantial work already undertaken in relation to the development of proposed national licensing arrangements could be used as a basis for this.

This approach would need to have a mechanism to facilitate harmonisation across jurisdictions. This could be managed through either dedicated resources (for example a funded body) or managed by a committee of officials representing jurisdictions. It is likely that, in the absence of a funded national coordinating mechanism, harmonisation would be difficult to achieve, and hard to maintain over time as there would be no process to resolve differing jurisdictional views.

Jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time. This would have the potential to undermine any agreed equivalency, increase complexity and create uncertainty in jurisdictions which had not issued the licence. While there is a similar potential under the proposed national licensing arrangements for variation in licensing arrangements (for example the IGA includes provisions for jurisdictions to not adopt licence where that work is not licensed), there are limited structural arrangements or requirements (such as the IGA and National Law for National Licensing) which would work to contain differences over time.

Legislative change would be needed to the *Mutual Recognition Act* to allow recognition of business entities, and to jurisdictional legislation. Licence cards from different jurisdictions could contain different levels of information, causing uncertainty for consumers unless this was made more consistent. A national register of disciplinary actions would improve transparency for consumers and regulators alike but would need to be agreed and established. Such a register would not provide the full national register of information proposed under the proposed national licensing register and a process would need to be developed surrounding who would provide, maintain and service it, and agreement would be needed on how it would be funded.

If harmonisation was introduced as a staged process, with clearly equivalent licences included first and others left outside the system, temporarily or perpetually, further confusion could be created. For licences where no equivalence had been agreed, current mutual recognition requirements would need to continue.

4.7.3 Potential Impacts

It is difficult to fully estimate the cost of a harmonised automatic mutual recognition system as it is unclear which elements of the licensing system would be subject to harmonisation, which elements would actually be harmonised by jurisdictions, and how the harmonisation process would be managed.

There is the potential for an automatic mutual recognition model to capture some of the benefits that have been identified under national licensing but the extent of benefits achieved would depend on the level of agreement between jurisdictions. It is also clear that a harmonised system has the potential to increase labour mobility from that which is likely to be achieved under an unharmonised automatic recognition system.

Overall, it is expected that the benefits from a harmonised AMR arrangement would have benefits greater than a non-harmonised system (\$12.93 per annum) but less than those expected from national licensing (net benefits of approximately \$96.66 per year).

When examining what additional benefits can be achieved between the non-harmonised and harmonised AMR models for the property occupations, there is likely to be some additional benefits under a harmonised system flowing from:

- exempting certain non-residential property transactions
- the removal of compulsory professional development in some jurisdictions
- reduced entry level qualification in some jurisdictions
- removal of the requirement for advertising an intention to gain a licence
- removal of experience requirements.

Further benefits may also be achieved across jurisdictions if consistent licence periods were adopted.

It should be noted that benefits would only flow in relation to the extent that jurisdictions were able to agree on harmonisation which resulted in a deregulatory outcome.

There would also be transitional costs for the establishment of such a system. As stated above, it is difficult to fully estimate these costs given that further consideration would be needed as to how system development and implementation would be managed. It is expected there would be costs in relation to information provision to licensees, communications and the establishment of a register. While this model would not require the establishment of NOLA, it would nevertheless require the establishment of a state/territory mechanism to develop implement and maintain the licensing arrangement under this model. It is recognised that the work undertaken as part of the work to

develop a national licensing system would contribute to the establishment of a harmonised automatic mutual recognition system and would minimise some system development costs.

4.7.4 Conclusion

Automatic Mutual Recognition is an alternative model for reform of licensing arrangements which has the potential to deliver some benefits to licence holders and the economy more broadly. It would deliver arrangements that go some way to promoting labour mobility but will not deliver the same level of benefits as the national licensing model proposed.

National licensing has been estimated to deliver net benefits of approximately \$96.66 per year. An estimate of the benefits delivered by an unharmonised AMR system is estimated to be \$12.93, and there would be fewer transitional costs. It is difficult to estimate the benefits accruing from a harmonised mutual recognition system as it not clear as to what elements of any proposed system will be subject to harmonisation across all relevant jurisdictions. It is likely to deliver higher benefits than a non-harmonised system but fewer than the proposed model under national licensing.

A discussion of the merits of the automatic mutual recognition approach is also presented in Chapter 2.

4.8 Summary of the costs and benefits of national licensing by jurisdiction

The costs and benefits of national licensing for each jurisdiction in terms of net present values (NPVs) over ten years as at 1 July 2012 are summarised in tables 4.33 to 4.37. Note that costs are represented in brackets.

New South Wales

Table 4.33: Costs and benefits of national licensing in New South Wales, NPV over ten years

NPV 10 years (\$ million)	
Transition impacts	(4.74)
Time for licensees to understand reforms	(2.82)
Business value-add	(0.94)
Licensing authority – set-up costs	(0.42)
National licensing register – jurisdictional implementation	(0.26)
Government communications	(0.30)
Ongoing impacts	276.38
Removing continuing professional development	166.28
Auctioneers – qualification changes	1.24
Consistent licence period (1, 3 or 5 years)	19.66
Reducing personal probity requirements	0.07
Removing the need to hold multiple licences	4.80
Removing the need to hold multiple licences – government	(1.60)
Licensing authority – operational	(2.76)
Labour mobility	51.38
Business value-add	37.31

Victoria

Table 4.34: Costs and benefits of national licensing in Victoria, NPV over ten years

NPV 10 years (\$ million)	
Transition impacts	(2.75)
Time for licensees to understand reforms	(1.10)
Business value-add	(0.37)
Licensing authority – set-up costs	(0.32)
National licensing register – jurisdictional implementation	(0.65)
Government communications	(0.30)
Ongoing impacts	38.73
Licensees doing both real estate and business work – qualification changes	(0.11)
Agent’s representatives – qualification changes	(5.55)
Auctioneers – qualification changes	0.57
Consistent licence period (1, 3 or 5 years)	15.68
Increasing the frequency of processing representatives in Victoria	(0.06)
Reducing personal probity requirements	0.02
Removing experience requirements	2.97
Removing the need to hold multiple licences	2.51
Removing the need to hold multiple licences – government	(0.62)
Licensing authority – operational	(2.12)
Labour mobility	23.45
Business value-add	1.98

Queensland

Table 4.35: Costs and benefits of national licensing in Queensland, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(4.28)
Time for licensees to understand reforms	(2.29)
Business value-add	(0.76)
Licensing authority – set-up costs	(0.26)
National licensing register – jurisdictional implementation	(0.65)
Government communications	(0.30)
Ongoing impacts	93.16
Real estate agents – qualification changes	(2.77)
Licensees doing both real estate and business work – qualification changes	(0.25)
Agent’s representatives – qualification changes	28.10
Auctioneers – qualification changes	0.15
Consistent licence period (1, 3 or 5 years)	10.70
Reducing personal probity requirements	0.05
Removing the need to hold multiple licences	3.19
Removing the need to hold multiple licences – government	(1.76)
Licensing authority – operational	(1.72)
Labour mobility	48.73
Business value-add	8.74

Western Australia

Table 4.36: Costs and benefits of national licensing in Western Australia, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(2.63)
Time for licensees to understand reforms	(1.10)
Business value-add	(0.3)
Licensing authority – set-up costs	(0.14)
National licensing register – jurisdictional implementation	(0.70)
Government communications	(0.33)
Ongoing impacts	139.98
Removing continuing professional development	66.84
Real estate agents – qualification changes	6.22
Agent’s representatives – qualification changes	19.56
Auctioneers – qualification changes	(0.18)
Consistent licence period (1, 3 or 5 years)	3.15
Removing advertising requirement	0.09
Reducing personal probity requirements	0.02
Removing experience requirements	1.24
Removing the need to hold multiple licences	1.34
Removing the need to hold multiple licences – government	(0.06)
Licensing authority – operational	(0.89)
Labour mobility	16.91
Business value-add	16.91

South Australia

Table 4.37: Costs and benefits of national licensing in South Australia, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(1.18)
Time for licensees to understand reforms	(0.35)
Business value-add	(0.12)
Licensing authority – set-up costs	(0.10)
National licensing register – jurisdictional implementation	(0.46)
Government communications	(0.15)
Ongoing impacts	52.43
Real estate agents – qualification changes	5.47
Licensees doing both real estate and business work – qualification changes	(0.04)
Agent’s representatives – qualification changes	29.82
Auctioneers – qualification changes	0.48
Consistent licence period (1, 3 or 5 years)	0.40
Reducing personal probity requirements	0.01
Removing the need to hold multiple licences	0.97
Removing the need to hold multiple licences – government	(0.66)
Licensing authority – operational	(0.65)
Labour mobility	6.50
Business value-add	10.13

Tasmania

Table 4.38: Costs and benefits of national licensing in Tasmania, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(0.68)
Time for licensees to understand reforms	(0.03)
Business value-add	(0.009)
Licensing authority – set-up costs	(0.03)
National licensing register – jurisdictional implementation	(0.46)
Government communications	(0.15)
Ongoing impacts	3.73
Removing continuing professional development	1.75
Real estate agents – qualification changes	0.59
Licensees doing both real estate and business work – qualification changes	(0.01)
Auctioneers – qualification changes	0.030
Consistent licence period (1, 3 or 5 years)	(0.07)
Removing advertising requirement	0.02
Reducing personal probity requirements	0.001
Removing experience requirements	0.12
Removing the need to hold multiple licences	0.47
Removing the need to hold multiple licences – government	(0.01)
Licensing authority – operational	(0.20)
Labour mobility	0.45
Business value-add	0.57

Australian Capital Territory

Table 4.39: Costs and benefits of national licensing in the Australian Capital Territory, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(0.60)
Time for licensees to understand reforms	(0.09)
Business value-add	(0.03)
National licensing register – jurisdictional implementation	(0.33)
Government communications	(0.15)
Ongoing impacts	10.50
Removing continuing professional development	5.66
Real estate agents – qualification changes	(0.29)
Agent’s representatives – qualification changes	0.39
Strata managers – qualification changes	(0.19)
Auctioneers – qualification changes	0.04
Consistent licence period (3 years)	1.60
Removing advertising requirement	0.02
Reducing personal probity requirements	0.002
Removing experience requirements	0.28
Removing the need to hold multiple licences	0.76
Removing the need to hold multiple licences – government	(1.13)
Labour mobility	2.00
Business value-add	1.37

Northern Territory

Table 4.40: Costs and benefits of national licensing in the Northern Territory, NVP over ten years

NPV 10 years (\$ million)	
Transition impacts	(0.62)
Time for licensees to understand reforms	(0.10)
Business value-add	(0.03)
Licensing authority – set-up costs	(0.01)
National licensing register – jurisdictional implementation	(0.33)
Government communications	(0.15)
Ongoing impacts	13.85
Real estate agents – qualification changes	0.96
Agent’s representatives – qualification changes	7.45
Strata managers – qualification changes	0.02
Auctioneers – qualification changes	(0.02)
Consistent licence period (3 years)	0.91
Removing advertising requirement	0.01
Reducing personal probity requirements	0.002
Removing the need to hold multiple licences	0.72
Removing the need to hold multiple licences – government	(0.13)
Licensing authority – operational	(0.09)
Labour mobility	1.38
Business value-add	2.64

5 Consultation

The Council of Australian Governments (COAG) requires that all significant regulatory processes are developed in accordance with its principles for best practice regulatory process. This includes thorough, wide-ranging and timely consultation with affected stakeholders. The purpose of consultation on the national licensing reform is to meet this requirement by providing mechanisms for stakeholders in the property occupations to consider the options developed for national licensing reform and to comment on them.

A Consultation RIS outlining policy proposals for the establishment of a national licensing system for the property occupations was released on 15 August 2012 when it was published on the National Occupational Licensing Authority (NOLA) website at www.nola.gov.au. Stakeholders, including state and territory governments, relevant national and state organisations, members of the Interim Advisory Committee (IAC), regulator working groups and those who had expressed interest in receiving information on the reforms through the NOLA website were directly notified of the release of the Consultation RIS. Approximately 2,000 people were directly notified of the release of the Consultation RIS.

The policy contained in the Consultation RIS was based on that developed by the Property Occupations Interim Advisory Committee (IAC) during a series of meetings which took place throughout 2010—11. The IAC comprised representatives from industry, employer and employee associations, the training sector, regulators, and the consumer advocacy sector. The Consultation RIS also reflected policy positions developed through the National Licensing Steering Committee (the Steering Committee), which oversaw the policy process, comprised of representatives from state and territory government central agencies.

National framework legislation through the *Occupational Licensing National Law Act 2010* (the National Law) has been passed in six jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory) to establish national licensing. During the policy development process it became clear that some amendments to the National Law will be required.

Draft national licensing legislation and regulations, including legislation to implement the proposed reforms in relation to the property occupations, were released on 14 September 2012 and were also a subject of the consultation process. The legislation was based on the policy advice developed by the IAC.

5.1 Public information sessions

Public information sessions concerning the Consultation RIS for the property occupations were held in each state and territory between 31 August and 25 September 2012. The information sessions were promoted through emails to registered subscribers, advertisements in major metropolitan newspapers and through the NOLA website. A total of 387 people attended the property information sessions. Details of the locations and numbers of registered attendees are outlined in Table 5.1.

The information sessions provided an opportunity for the COAG National Licensing Taskforce to outline the proposed arrangements, answer questions on aspects of the reforms and listen to views and comments from those attending.

Table 5.1: Consultation information sessions

Location	Date	Organisations present	Government Representatives	Total attendees
Canberra	29 August 2012	<ul style="list-style-type: none"> Real Estate Institute of Australia Real Estate Institute of Australian Capital Territory Construction and Property Services Industry Skills Council Australian Institute of Building Strata Community Australia Several private registered training organisations, including Wisdom Learning and Presentation Plus Several real estate agencies, including Ian McNamee & Partners, Independent Property Group, Jones Lang LaSalle, Ray White K. M. Corke and Associates 	<ul style="list-style-type: none"> National Occupational Licensing Authority ACT Directorate of Justice and Community Safety Department of Industry, Innovation, Science, Research and Tertiary Education NSW Fair Trading 	23
Darwin	5 September 2012	<ul style="list-style-type: none"> Real Estate Institute of Northern Territory Service Industries Training Advisory Council Real estate agencies, including Ray White, O'Donoghues and First National 	<ul style="list-style-type: none"> Department of the Attorney-General and Justice Department of Business Department of Treasury and Finance 	20
Melbourne	11 September 2012	<ul style="list-style-type: none"> Real Estate Institute of Victoria Strata Community Australia, Facility Management Association Australian Institute of Conveyancers Australia Post KPMG Royal Melbourne Institute of Technology Northern Melbourne Institute of TAFE Several real estate agencies, including Elders, Landmark and Knight Alliance Several strata agencies, including SMS Management, DR Strata Management, MDCM Management, Victoria Body Corporate Services Professional Conveyancing Services John Sier and Associates P & S Business Brokers 	<ul style="list-style-type: none"> National Occupational Licensing Authority Department of Justice Consumer Affairs Victoria Department of Treasury and Finance 	52
Adelaide	12 September 2012	<ul style="list-style-type: none"> Real Estate Institute of South Australia Australian Institute of Conveyancers Construction Property Services Industry Skills Council TAFE SA Several private registered training organisations, including Business SA, Real Estate Training College Several real estate agencies, including Raine & Horne, Ray White, Century 21, Knight Frank, Remax, Harcourts and Commercial SA Several strata agencies, including Adelaide Strata Management, Strata Data Group, Leicester Management Services Adcocks Conveyancers Adelaide 	<ul style="list-style-type: none"> Attorney-General Department Department of Education, Employment, Science & Technology 	62

Location	Date	Organisations present	Government Representatives	Total attendees
Sydney	14 September 2012	<ul style="list-style-type: none"> Real Estate Institute of New South Wales Real Estate Institute of Australia Real Estate Association of New South Wales Australian Livestock and Property Association Shopping Centre Council of Australia Strata Community Australia National Community Tiles Institute Australian Institute of Conveyancers Australian Residents Accommodation Managers Association Property Council of Australia Australian Industry Council Construction and Property Services Industry Skills Council Arts, Communications, Finance Industries and Property Services (ITAB) TAFE NSW Several private registered training organisations, including Real Estate Training Solutions, Australian College of Professionals, Property Training Solutions, Unique Training Providers, Real E-training, Real Estate Courses NSW and Best Practice Training Several real estate agencies, including Raine & Horne, Commercial Real Estate, Marvay and Laing + Simmons Several strata agencies, including Ace Body Corporate Management, Harvie Strata Management and Strata Title Management ISSWorld Australia RM Designers Sterling Publishing Macquarie Bank Ltd 	<ul style="list-style-type: none"> National Occupational Licensing Authority Department of Premier and Cabinet NSW Fair Trading Department of Finance and Services Australian Skills Quality Authority 	65
Hobart	19 September 2012	<ul style="list-style-type: none"> Real Estate Institute of Tasmania Several real estate agencies, including Elders, LJ Hooker, PRD Nationwide, View Real Estate Tasmania, Petrusma Property, Harcourts Kingborough & Huon, South Real Estate, Peter Bushby Real Estate Southern Strata Insurance Solutions Tas Peacock Darcy & Anderson 	<ul style="list-style-type: none"> Consumer Affairs & Fair Trading, Department of Justice Property Agents Board 	20
Brisbane*	21 September 2012	<ul style="list-style-type: none"> Real Estate Institute of Queensland Real Estate Institute Australia Australian Livestock & Property Association Strata Community Australia (Qld) Australian Resident Accommodation Manager's Association Construction Property Services Industry Skills Council Housing Institute Association Real-estate Dynamics Complete Property Training Several real estate agencies, including Elders, Harcourts, Blocksidge Real Estate, Ray White, John McVinnie Realty, Raine and Horne, LJ 	<ul style="list-style-type: none"> Department of Employment, Economic Development and Innovation Department of Justice and Attorney-General (Office of Fair Trading) Valuers Registration Board Australian Skills Quality Authority 	72

Location	Date	Organisations present	Government Representatives	Total attendees
		<p>Hooker, PRD Nationwide, Cromwell Property, Sanctuary Cove Prestige Properties, Coolaroo Properties Pty Ltd and Pat Barrett Realty</p> <ul style="list-style-type: none"> • Management Rights and Hotel Finance • ABS Business Sales • GC Strata Management • MacGillivrays Solicitors • Resort Broker Australia • PoolWerx • Lista Consulting • The Meadows Ferny Grove • The Property Manager Doctor • Watermark Constructions • BOQ Bank • Springfield Green 		
Perth	25 September 2012	<ul style="list-style-type: none"> • Real Estate Institute of WA • Property Sales Association of Qld • Real Estate Association of NSW • Strata Community Australia WA • Curtin University • Training Accreditation Council (ITAB) • Central TAFE • Several private registered training organisations, including Housesafe Education, West Coast Property Training, Aspire Performance Training, Livepm • Real Estate Network Western Australia • Several real estate agencies, including LJ Hooker, DQ Real Estate, Paxton Hoad, Ray White Commercial, Home 2 Home Realty, Gordon Davies Real Estate, Property Gallery, The Property Firm, Action Real Estate, Professionals Real Estate Group, AW Property Group, MDA Property Group, Blackburne Property group, Network Exchange Realty, LWP Property Group, Elders, Richard Noble, Macro Realty, First National, McGee's Property, Real Estate Masters, Richard Noble • Exclusive Strata Management Service • John Dethridge Strata Services • Small Business Development Corporation • Property Investment Resources • Financial Administrative & Professional Services Training Council • Millionaire Property Makers • Business Brokers Perth • Joseph Charles Learmonth Duffy • Caltex • Westnet • UGL Limited • Aon • Macquarie group 	<ul style="list-style-type: none"> • Department of Commerce • Western Australian planning Commission • Department of Training and Workforce Development • Department of Treasury 	73

*The Brisbane session was also webcast through the Queensland Treasury website.

5.2 National Occupational Licensing Authority

Subsequent to the close of submissions, NOLA convened the Interim Occupational Licensing Advisory Committees (OLACs), which also provided comment on the policy options in the CRIS. The Property OLAC comprised similar representation to that of the IAC.

The OLAC provided an industry perspective on amendments that may be appropriate to ensure an effective national licensing system. NOLA also convened meetings of relevant state and territory regulators to consider the issues raised by the OLACs.

5.3 Other consultation

Further meetings between senior jurisdictional officials and the Commonwealth were convened to attempt to resolve issues that were of particular concern to certain states and territories. Industry representatives also met with Senator the Hon. Penny Wong, Minister for Finance and Deregulation and Senator the Hon. Chris Evans, the then Minister for Tertiary Education, Skills, Jobs and Workplace Relations, to express their views on national licensing.

Views expressed in the above consultation process were considered in the formulation of the final proposals outlined in this Decision RIS which will be considered by the Commonwealth, State and Territory governments through the Standing Council on Federal Financial Relations (SCFFR).

5.4 Submission summary

A total of 802 submissions were received on the Property Occupations Consultation RIS. Submissions were received in a number of ways: electronic survey responses, use of the hard copy template that focused on particular elements of the proposed model and other written means. A large number of submissions had very similar styled responses, and are considered as form template styled submissions in this chapter and in Chapter 3.⁸³

Of the total responses approximately 67 per cent originated from Victoria (approximately 83 per cent of all hard copy responses), 13 per cent originated from Queensland, 4 per cent from New South Wales, 4 per cent from Western Australia, 3 per cent from South Australia, 0.5 per cent, from Tasmania, 1 per cent from the Australian Capital Territory and 0.5 per cent from the Northern Territory. Those submissions that covered all states and territories formed approximately 6 per cent of the total with 1 per cent not identifying any location.

Of the 252 hard copy responses received, only 13 per cent appear to be from individuals not using a template styled submission.

Stakeholder feedback on the Consultation RIS expressed support for the concept of national licensing in 31 per cent of submissions. However, 42 per cent of submissions included support for automatic mutual recognition. Many of those who supported automatic mutual recognition did, however, indicate they would have supported national licensing if some elements of the model were changed in a number of areas such as qualifications. The remainder support the status quo or were silent on the issue.

The understanding that automatic mutual recognition would maintain existing licence categories, scopes of work and qualification requirements was assigned as very important by 70.8 per cent of the 72 electronic survey respondents. In contrast, 53 per cent of 187 respondents not supporting automatic mutual recognition listed the non-harmonisation of licence categories, scopes of work and qualification as a very important to their decision.

⁸³ Templates have been recognised by the use of very similar or identical submission structure and language, included with multiple submission in a single envelope, or email correspondence from a peak body attached to the submission which encourages a response.

The lower establishment cost for governments automatic to implement mutual recognition was very important to 20 per cent of respondents, and only targeting licensees who wish to work in more than one jurisdiction was assigned as very important to 36 per cent of the 72 electronic survey respondents.

The importance of labour mobility was important to 35 per cent, and very important to 32 per cent of electronic survey respondents, which is a very similar breakdown to the results for national licensing.

During the consultations and in a small number of submissions, a view has been expressed that the national licensing system would not be a truly national system. In some jurisdictions, not all categories will be licensed. For example, a licence is not currently required for strata managing work in some jurisdictions. Under national licensing a jurisdiction will not be required to adopt a national licence category that is not currently regulated by that jurisdiction when national licensing commences, in accordance with clause 4.2(f) of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement). (i.e. the jurisdiction could choose for that category of regulated work to remain unlicensed in that jurisdiction).

Overall, the majority of submissions that supported national licensing expressed concerns about specific elements of the licensing model. These concerns were strongly supported by a large number of submissions; many of the respondents identified as members of the Real Estate Institute of Australia (REIA) or its state institutes. However, the concerns were not necessarily supported by other peak organisations, such as the Shopping Centre Council of Australia. A substantial number of responses, including those from other peak organisations, nominated national licensing, without responding to any further questions or expressing an opinion on elements of the model.

All submissions, with the exception of those identified by respondents as not for public release, are available online at www.nola.gov.au, and at Attachment C.

5.5 Overview of selected stakeholder submissions

Consultation was undertaken with the IAC, Steering Committee, Interim OLAC, industry, regulators, employers, employees and the general public (consumers).

Table 5.2 below broadly outlines key stakeholders support regarding the three options considered in the Consultation RIS (with some or little concern over aspects of that model). The Australian Livestock & Property Agents Association (ALPA) indicated support for Automatic Mutual Recognition in its submission stating that national licensing does not offer consumer protection. However, ALPA does strongly support the concept of national licensing with changes to the model proposed in the Consultation RIS.

Table 5.2: Selected key industry stakeholder positions in relation to the various options

Key Stakeholder	Option 1: National licensing	Option 2: Automatic mutual recognition	Option 3: Status quo
Australian Institute of Business Brokers	Support***		
Australian Livestock and Property Agents Association		Support**	
Australian Property Institute			Support
Construction and Property Services Industry Council	Support		
Property Council of Australia	Support		

Key Stakeholder	Option 1: National licensing	Option 2: Automatic mutual recognition	Option 3: Status quo
Australian Institute of Business Brokers	Support***		
Real Estate Institute of Australia and affiliated state institutes	Support*		Support
Real Estate Institute of NSW	Support*		
Real Estate Association of NSW	Support		
Strata Community Australia	Support		
The Shopping Centre Council of Australia	Support		

* Subject to inclusion of non-residential property work, mandatory continuing professional development and preferred qualifications under national licensing.

** Subject to inclusion of non-residential property work.

*** Subject to inclusion of non-residential property work, mandatory continuing professional development, changes to the proposed qualification licensing and a separate licence category for property managers.

Chapter 3 includes a range of stakeholder views, including the key stakeholders listed in the table above, on elements of the proposed national licensing model.

5.6 Other areas of concern

5.6.1 Conduct requirements

As mentioned previously, the regulation of the wider behaviours and standards to be met by licensees ('conduct requirements') following the attainment of a licence is not within the scope of this reform. Licensees will be responsible for ensuring that they are aware of any relevant changes to jurisdictional legislation or requirements – for example, the way trust accounts are managed.

A separate reform, which seeks to harmonise conduct requirements commencing with property occupations, is being undertaken by the Legislative and Governance Forum on Consumer Affairs. The full benefits of a national licensing system would be realised if this further reform is undertaken.

While not directly linked to licence eligibility requirements, the issue of state-based conduct requirements has been raised by many stakeholders and in some submissions. During the consultation period, the view was expressed that unless the state-based conduct requirements were harmonised, benefits of national licensing would be limited. Licensees will still be required to be conversant with the state and territory legislative requirements in the jurisdiction(s) in which they work.

National licensing has been viewed as the catalyst for other related reforms, such as the harmonisation of state-based conduct reforms. While that reform is not at the same stage as national licensing, it is making progress. Each reform requires a substantial amount of input from the states and territories, and from the same regulatory agencies. It has not been possible for the same level of focus to be given simultaneously.

6 Conclusion and recommendation

6.1 Recommended option

National licensing is the recommended option for the property occupations. National licensing will achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories, and to understand the scope of the licences prospective employees may hold.

Under national licensing, licence requirements will be consistent in all jurisdictions and uniform licence categories will be issued. A national policy framework will apply and will be overseen by the National Occupational Licensing Authority (NOLA), which would help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remained sustainable and that there was a forum in which to resolve jurisdictional differences.

National licensing for the property occupations across Australia has the potential to deliver a significant ongoing net benefit of \$91.61 million per annum, resulting in a benefit of \$578.64 million ten-year net present value as at 1 July 2012. Most benefits of national licensing go to business, workers and consumers. There are one-off costs, including costs to licensees and business to become aware of the proposed changes, and costs to government for the establishment of NOLA and the public national licensing register and its supporting database. There are also ongoing costs to maintain NOLA and the national licensing register.

In comparing the total benefits and costs across all stakeholders, it would take less than one year for the benefits of the reform to start exceeding the costs nationally and the benefits of the reform would continue to be realised long after the initial ten years presented in the costing analysis.

The automatic mutual recognition model discussed has the potential to provide for enhanced labour mobility, with lower immediate transition costs. However, the complexities of operating such a system mean that implementation would be extremely complex and would require close cooperation and coordination at all levels of policy development, regulation setting and compliance. Automatic mutual recognition would deliver fewer benefits and give rise to a more complex, less transparent and higher risk environment with far less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time compared with national licensing. Therefore an automatic mutual recognition licensing model is not proposed.

6.2 Overview of the preferred national licensing model for the property occupations

6.2.1 Licence categories for the property occupations

- Real estate agent
- Business agent
- Strata managing agent
- Agent's representative registration
- Real estate auctioneer

Table 6.1 below illustrates where national licensing may occur across Australia. It should be noted that, in accordance with clause 4.2(f) of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement), a jurisdiction will not be required to adopt a national licence category where it does not regulate the area of work at the time national licensing commences. These instances are indicated by the blank sections of the table.

Table 6.1: Proposed national licensing categories and endorsement across jurisdictions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Real estate agent	y	y	y	y	y	y	y	y
Business agent	y	y	y	y	y	y	y	y
Strata managing agent	y	*					y***	y
Agent's representative	y	y	y	y	y	**	y	y
Real estate auctioneer	y	y	y	y	y	y	y	y

* The registration of owners' corporation manager will remain a state-based licence in Victoria and will not be included in national licensing. However, for fullness of information for decision makers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria. See Chapter 4 for an impact analysis.

**The Tasmanian government has indicated that it may adopt the national licensing agent's representative registration system.

***The Australian Capital Territory is yet to determine whether a national licence will be issued for strata managers

6.2.2 Regulated scopes of work

Table 6.2: Policy description of the proposed regulated work for the property licence categories

Licence category	Proposed regulated work
Real estate agent	<p>Real estate agency work means selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property, on behalf of another person, for fee, gain or other reward.</p> <p>However, the following work is not real estate agency work :</p> <ul style="list-style-type: none"> • Strata-managing agency work; or • selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property that: <ul style="list-style-type: none"> ○ is not rural land; and ○ is used or intended to be used, wholly for purposes other than residential property; and ○ has an estimated contract price of at least a prescribed amount or has an area greater than a prescribed area. <p>Estimated contract price, for selling, purchasing, exchanging, leasing, managing or otherwise dealing with real property, means the true estimate, made on reasonable grounds by the person carrying out the work, of the price payable for the real property transaction.</p> <p>Rural land means land used or apparently intended to be used, for gain or profit, for grazing livestock or cultivating crops.</p>
Business agent	<p>Business agency work means the selling, purchasing or leasing of a business on behalf of another person, for fee, gain or other reward.</p>
Strata-managing agent	<p>Strata-managing agency work means managing, for a fee, gain or reward, any function of an owners' corporation on behalf of the owners' corporation under a strata or community title scheme.</p> <p>Strata or community title scheme, for a participating jurisdiction, means a scheme that has been declared by a law of that jurisdiction to be a strata or community title scheme for that jurisdiction for the purposes of the National Law.</p> <p>Owners corporation includes a body corporate under a strata or community title scheme.</p>
Agent's representative registration	<p>Agent's representative work means real estate agency work or business agency work carried out as an employee of, and under the supervision of, a person who holds a real estate agent's licence or business agent's licence.</p> <p>Under national licensing an agent's representative is not authorised to operate a business and therefore the registration will only be available for individuals.</p>
Real estate auctioneer	<p>Real estate auctioneering work means the auctioning of real property, on behalf of another person, for fee, gain or other reward.</p> <p>Under national licensing a real estate auctioneer is not authorised to operate a business and therefore the registration will only be available for individuals.</p>

6.2.3 Nominees

When a body corporate does not hold a licence authorising them to undertake the relevant property agency work, applies for a licence, they will be required to nominate a nominee. The nominee will be an individual licensed to undertake the relevant regulated work. The nominee will be a director of the company or an employee and agree to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation). A body corporate may choose to have more than one nominee.

The requirement for a nominee will be a minor change in approach in all jurisdictions. It is expected that the majority of company arrangement would already employ an existing licensee who could act as a nominee. The estimated cost for this proposal is considered to be minimal and has not been costed. The nominees for the property occupations are described in Table 6.3.

Table 6.3: Nominees for the applicable licence categories

Agency licence category	Licence held by nominee
Real estate agent	Real estate agent
Business agent	Business agent
Strata managing agent	Strata managing agent

6.2.4 Exemptions

The National Law makes it an offence for an individual or business entity to undertake regulated work unless that individual or business entity holds a licence or is exempt.

Under amendments proposed to the National Law, a person must not carry out regulated work unless the person:

- holds a licence to carry out the regulated work
- is exempt under the national law from the requirement to hold a licence to carry out the regulated work
- is exempted by NOLA, in accordance with the national law, from the requirement to hold a licence to carry out the regulated work.

The classes of persons who would be exempt from the requirement to hold a licence to carry out regulated work are described in Table 6.4.

Table 6.4: Classes of person exempt from holding a licence

Class of person
<ul style="list-style-type: none"> • The State within the meaning of section 8 (2) of the National Law⁸⁴ <ul style="list-style-type: none"> • A local government or local council. • A public guardian. • A public trustee. • An executor, administrator, trustee, liquidator, official receiver, trustee or assignee of a bankrupt for the purposes of exercising his or her functions in that capacity. • An Australian legal practitioner for the purpose only of carrying out the ordinary functions of an Australian legal practitioner. • A person is exempt from holding a business agency licence, if the person holds a financial services licence under the <i>Corporations Act 2001</i> (Cwlth). • An employee of an authorised financial institution but only in carrying out the ordinary functions of an

⁸⁴ *Occupational Licensing National Law Act 2010 No. 66 of 2010* section 8 Law binds the State

(2) *State* means the Crown in right of this jurisdiction, and includes—

- (a) the Government of this jurisdiction; and
- (b) a Minister of the Crown in right of this jurisdiction; and
- (c) a statutory corporation, or other entity, representing the Crown in right of this jurisdiction.

Class of person
<p>employee of a financial institution. Authorised financial institution means a financial institution that under a prescribed law is approved or otherwise authorised to receive trust funds or keep trust accounts. Financial institution means an authorised deposit-taking institution within the meaning of the Banking Act 1959 of the Commonwealth.</p> <ul style="list-style-type: none"> • A person who is carrying out regulated work that consists only of leasing residential real property for less than three months. Two or more consecutive lettings of the same residential property to the same person are to be considered to be a single letting for calculating the length of the lease. • A person who, in the person’s capacity as an employee or contractor of another person who holds a strata-managing agent’s licence, carries out strata-managing agency work that consists only of— <ul style="list-style-type: none"> ○ (i) maintaining or repairing property for which an owners corporation is responsible; or ○ (ii) administrative duties such as book-keeping or clerical work • if the person carries out regulated work only in relation to real property owned by a related entity of the person; and the person discloses in writing, in any advertising or contract related to the regulated work, the person’s relationship to the owner of the real property; and a person who, in the person’s capacity as an employee of a person is carrying out regulated work in relation to real property owned by related entity of the person⁸⁵

6.2.5 Non-skills based eligibility requirements

Relevant person

The National Law provides for the identification of a relevant person(s) for a body corporate or each member of a partnership, and that they are subject to personal and financial probity checks. This aims to prevent a person from hiding behind a corporate structure, for example, where an individual has been banned from undertaking work in a licensed occupation and endeavours to use a corporate structure as a front to continue operating in the industry. The preferred relevant persons for the applicable to the property licences are described in Table 6.5.

Table 6.5: Relevant person(s) for the property occupations

Licence categories	Relevant person(s)
Real estate agent Business agent Strata managing agent	<p>It is proposed that the following persons are relevant persons:</p> <p>For a body corporate—</p> <ul style="list-style-type: none"> (i) each director of the body corporate; and (ii) any other individual in effective control of the business of the body corporate; <p>For a member of a partnership, each member of the partnership.</p> <p>A person in effective control of the business of the body corporate includes an individual who—</p> <ul style="list-style-type: none"> (a) is regularly or usually in charge of the body corporate’s business; or (b) is in a position to control or influence the conduct of the body corporate’s business in a substantial way.

⁸⁵ **Occupational Licensing National Law Amendment Bill 2013, Schedule 4, section 5. *related entity***, means a body corporate that is related to the person by virtue of section 50 of the *Corporations Act 2001* of the Commonwealth; or another person prescribed by the national regulations to be a related entity.

Personal probity eligibility requirements

The personal probity requirements for the property occupations are shown in Table 6.6. The requirements include offences against the person and drug trafficking for real estate agents and agent’s representatives. The estimated cost for this proposal is considered to be minimal and has not been costed.

Nominees will not be subject to additional probity requirements beyond those necessary for them to obtain a licence.

Table 6.6: Personal probity requirements

Licence category	Subject of probity check	Personal probity requirement
Real estate agent	Individual Relevant person for a body corporate or a member of a partnership	<p>A person’s relevant criminal history in relation to:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether within the previous 5 years, a conviction for an offence under section 9, 10 or 11⁸⁶ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p> <p>Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when given a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade while insolvent.
Business agent	Individual Relevant person for a body corporate or a member of a partnership	<p>A person’s relevant criminal history in relation to:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether within the previous 5 years, a conviction for an offence under section 9, 10 or 11⁸⁷ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law occurred.</p>

⁸⁶ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, S.9 Offence for person to carry out regulated work unless licensed or exempt; S10 Offence to engage a person to carry out regulated work unless licensed or exempt; S11 Offence to advertise or offer to carry out regulated work unless licensed or exempt.*

Licence category	Subject of probity check	Personal probity requirement
		<p>Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when given a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade while insolvent.
Strata- managing agent	Individual Relevant person for a body corporate or a member of a partnership	<p>A person’s relevant criminal history in relation to:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person <p>Whether, within the previous 5 years, a conviction of an offence under section 9, 10 or 11⁸⁸ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law has occurred.</p> <p>Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when given a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade while insolvent.
Agent’s representative	Individual	<p>A person’s relevant criminal history in relation to:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether, within the previous 5 years, a conviction of an offence under section 9,</p>

⁸⁷ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, S.9 Offence for person to carry out regulated work unless licensed or exempt; S10 Offence to engage a person to carry out regulated work unless licensed or exempt; S11 Offence to advertise or offer to carry out regulated work unless licensed or exempt.*

⁸⁸ *Ibid*

Licence category	Subject of probity check	Personal probity requirement
		10 or 11 ⁸⁹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law has occurred.
Real estate auctioneer	Individual	<p>A person's relevant criminal history in relation to:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to drug trafficking • offences against the person. <p>Whether, within the previous 5 years, a conviction of an offence under section 9, 10 or 11⁹⁰ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law has occurred.</p>

Financial probity requirements

The financial probity requirements for each type of applicant and licence category are shown below in Table 6.7. The estimated cost for this proposal is considered to be minimal and has not been costed.

Table 6.7: Financial probity requirements

Category	Subject of probity check	Financial probity requirement
Real estate agent Business agent Strata managing agent	Individual Relevant person for a body corporate or a partnership	<p>NOLA must have regard to the following for applicant and a licensee:</p> <p>Whether the person is bankrupt or insolvent, compounds with creditors, enter into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt or insolvent debtors</p> <p>Whether the person has within the last five years been a relevant person for another person who, during that five-year period, was bankrupt, insolvent, compounded with creditors or entered into a compromise or scheme of arrangement with creditors or otherwise applied to take the benefit of any law for the relief of bankrupt or insolvent debtors</p> <p>Whether the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under the National Law or a prescribed law.</p> <p>For a body corporate or a member of a partnership:</p> <p>Whether a relevant person for the body corporate or partnership is bankrupt, insolvent, compounds with creditors or otherwise applies to take benefit of any law for the relief of bankruptcy or insolvent debtors.</p>
Agent's representative Real estate auctioneer	Individual	An applicant or a licensee is not eligible for a licence if the person fails to pay a penalty, fine or other amount ordered by a court or tribunal to be paid or required to be paid under this law.

⁸⁹ *ibid*

⁹⁰ *ibid*

6.2.6 Qualification-based eligibility requirements

Review of the proposed qualifications

The qualification requirements for the property occupations are listed in Tables 6.8 to 6.15. The Property Occupations IAC recommended core units of competency that must be completed within each of the qualifications and also recommended a review of some units in order to fulfil the new licensing requirements. The IAC has also recommended the development of a couple of new units of competency. The work will be conducted by the Construction and Property Services Industry Skills Council, who are responsible for development of the property services training package.

It should be noted that the national licensing qualification requirements will only be required by new applicants and will have no impact on current licensees who will be transitioned to a national licence.

Real estate agents

The CPP40307 Certificate IV in Property Services (Real Estate) from the CPP07 Property Services Training Package will be the qualification requirement for a real estate agent's licence. The Certificate must include the specified core units listed in Table 6.8. The statement of attainment shown in Table 6.9 will be the qualification requirement for a licensed business agent wishing to apply for a real estate agent's licence. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

It should be noted that the Certificate IV requirement is different to what is currently required in Queensland, Western Australian, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory. This qualification will only be required by new applicants and will have no impact on current licensees. The benefit to industry with a Certificate IV qualification requirement is estimated to be \$1.56 million per annum or \$10.17 million NPV over ten years.

Table 6.8: Qualification for a real estate agent

Qualification for a real estate agent	
Completion of CPP40307 Certificate IV in Property Services (Real Estate) including the following specified core units from the CPP07 Property Services Training Package:	
Unit code and specified core unit title	
CPPDSM4080A	Work in the real estate industry
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4009B	Interpret legislation to complete agency work
CPPDSM4015A	Minimise agency and consumer risk
CPPDSM4011A	List property for lease
CPPDSM4013A	Market property for lease
CPPDSM4012A	List property for sale
CPPDSM4014A	Market property for sale
CPPDSM4003A	Appraise property
CPPDSM4018A	Prepare and present property reports

CPPDSM4010A	Lease property
CPPDSM4016A	Monitor and manage lease or tenancy agreement
CPPDSM4049A	Implement maintenance plan for managed properties
CPPDSM4020A	Present at tribunals
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4005A	Establish and build client-agency relationships
CPPDSM4022A	Sell and finalise the sale of property by private treaty
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4056A	Manage conflict and disputes in the property industry
CPPDSM4017A	Negotiate effectively in property transactions

Table 6.9: Qualification for a licensed business agent wishing to apply for a real estate agent's licence.

Qualification for a licensed business agent wishing to apply for a real estate agent's licence.	
Statement of attainment comprising the eight units of competency listed below from the CPP07 Property Services Training Package:	
Unit code and unit title	
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4003A	Appraise property
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4018A	Prepare and present property reports
CPPDSM4010A	Lease property
CPPDSM4016A	Monitor and manage lease or tenancy agreements
CPPDSM4022A	Sell and finalise the sale of property by private treaty

Business agents

The CPP40507 Certificate IV in Property Services (Business Broking) from the CPP07 Property Services Training Package will be the qualification requirement for a business agent's licence. The Certificate must include the specified core units listed in Table 6.10. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

The statement of attainment shown in Table 6.11 will be the qualification requirement for a licensed real estate agent wishing to apply for a business agent's licence.

It should be noted that the Certificate IV requirement is different to what is currently required in Queensland, Western Australian, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory. The qualification will only be required by new applicants and has no impact on current licensees.

Table 6.10: Qualification for business agents

Qualification for a business agent	
Completion of CPP40507 Certificate IV in Property Services (Business Broking) including the following specified mandatory units from the CPP07 Property Services Training Package.	
Unit code	Unit title
CPPDSM4079A*	Work in the business broking sector
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4015A	Minimise agency and consumer risk
CPPDSM4029A	Appraise business
CPPDSM4053A	List business for sale
CPPDSM4060A	Negotiate sale and manage sale to completion or settlement
CPPDSM4069A	Promote and market listed business
CPPDSM4009A	Interpret legislation to complete agency work
BSBRES401A	Analyse and present research information
A new unit to be developed	Identifying legal and ethical requirements of business sales and acquisitions to complete agency work
A new unit to be developed	Understanding and interpreting financial statements

Table 6.11: Qualification for a licensed real estate agent wishing to apply for a business agent's licence

Qualification for a licensed real estate agent wishing to apply for a business agent's licence	
Statement of attainment comprising the following two units of competency from the CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4029A	Appraise business
**	Identify legal and ethical requirements of business sales and acquisitions to complete agency work

** a new unit yet to be developed

The estimated cost of one additional unit for those who do both real estate and business agency work is estimated to be \$0.06 million per annum (annualised over ten years), or \$0.40 million NPV over ten years as at 1 July 2012.

Strata managing agents

The CPP406011 Certificate IV in Property Services (Operations) from the CPP07 Property Services Training Package will be the qualification requirement for a strata managing agent's licence. The Certificate must include the specified core units listed in Table 6.12. The units were identified by the IAC, however the unit code nomenclature may have changed since this time..

The Certificate IV is the current requirement in New South Wales, and is different to what is currently required in Victoria, the Australian Capital Territory and the Northern Territory. The

qualification will only be required by new applicants and will have no impact on current licensees. The qualification requirement will be a change to what is currently required in the Victoria⁹¹, Australian Capital Territory and the Northern Territory, as noted above. The overall impact at a national level is an estimated cost of \$0.03 million per annum (annualised over ten years), or a cost of \$0.17 million NPV over ten years as at 1 July 2012.

Table 6.12: Qualifications for strata managing agents

Qualification for a strata managing agent	
Completion of CPP406011 Certificate IV in Property Services (Operations) including the following mandatory units from the CPP07 Property Services Training Package: :	
Unit code	Unit title
CPPDSM4028A	Identify and analyse risks and opportunities in the property industry
CPPDSM4044A	Coordinate maintenance and repair of properties and facilities
CPPDSM4047A	Implement and monitor procurement process
CPPDSM4048A	Implement customer service strategies in the property industry
CPPDSM4063A	Participate in developing or establishing property or facilities contracts
BSBFIA402A	Report on financial activity
BSBRKG304B	Maintain business records
BSBSMB406A	Manage small business finances
CPPDSM3019A	Communicate with clients as part of agency operations
CPPDSM3017A	Work in strata/community management sector
CPPDSM4006A	Establish and manage agency trust accounts
CPPDSM4034A	Assess and implement strata/community management agreement
CPPDSM4045A	Facilitate meetings in the property industry
CPPDSM4056A	Manage conflicts and disputes in the property industry
CPPDSM4074A	Select and appoint contractors in the property industry
BSBREL401A	Establish networks
CPPDSM4009A	Interpret legislation to complete agency work

Agent's representative

The qualification for an agent's representative is a statement of attainment comprising four units of competency from the CPP07 Property Services Training Package as shown in Table 6.13. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

It should be noted that the number of required units is different to what is currently required in all jurisdictions except New South Wales. This qualification will only be required by new applicants and will have no impact on current licensees.

⁹¹ Owners' corporations will remain a state-based licence in Victoria, however, for fullness of information for Ministers, the cost of implementing a strata manager's (owners' corporations) licence is included in the estimated costs for Victoria. See Chapter 4 for impact analysis.

The overall impact at a national level is \$12.27 million per annum (annualised over ten years), or \$79.76 million NPV over ten years as at 1 July 2012.

Table 6.13: Qualification for an agent's representative's registration

Qualification for an agent's representative	
Statement of attainment comprising the following four units of competency from CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4080A*	Work in the real estate industry
CPPDSM4007A	Identify legal and ethical requirements of property management to complete agency work
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work
CPPDSM4009B	Interpret legislation to complete agency work

Real estate auctioneer

The qualification for an auctioneer of real property is a statement of attainment comprising three units of competency from the CPP07 Property Services Training Package, as shown in Table 6.14 below. The units were identified by the IAC, however the unit code nomenclature may have changed since this time.

The qualification is different to current requirements in all jurisdictions, particularly Western Australia and the Northern Territory where there currently is no qualification requirement.

However, a licensed real estate wishing to gain an auctioneer's licence under national licensing will only be required to complete the unit of competency covering conducting an auction, as the other two units of competency would have been completed as part of the qualification requirements for the real estate agent's licence. The qualification will only be required by new applicants and will have no impact on current licensees.

Table 6.14: Qualification for a real estate auctioneer

Qualification for a real estate auctioneer	
Statement of attainment comprising the following three units of competency from CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4019A	Prepare for auction and complete sale
CPPDSM4004A	Conduct auction
CPPDSM4008A	Identify legal and ethical requirements of property sales to complete agency work

6.2.7 Experience

National licensing will not have any additional experience requirement. Requirements based on a national training package qualification should not need an additional experience requirement as the applicant has already been deemed competent to perform the work. The estimated benefit of this proposal would be \$0.71 million per annum or \$4.61 million NPV over ten years as at 1 July 2012.

6.2.8 Age requirement

National licensing will not have any age requirement. The impact of this proposal is expected to be minimal and has not been costed.

6.2.9 Skills maintenance (continuing professional development)

Skills maintenance or continuing professional development (CPD) will not be linked automatically to licence renewals. The Licensing Authority has the ability to impose skills maintenance or CPD on an as needs basis, and in consultation with industry. For example, if there is a change to a relevant legislation, codes of practice or industry standards there can be a requirement that CPD is required by the relevant licensees. The administrative arrangements as to how this will occur have yet to be developed by NOLA. The removal of mandatory CPD has an annual benefit of approximately \$37 million.

6.2.10 Licence periods

The Consultation RIS proposed one or three year licence periods for national licensing. The proposal now is to give NOLA the capacity to issue licences for one, three or five year periods. The range of licence periods provides flexibility for individual arrangements, e.g. an applicant may be planning to retire and only need a licence for a three year period. Another example is a person selling their business and not requiring a licence period greater than one year. To include a licence period of longer than five years comes with risks that include the licence register becoming out of date, and the possibility that regulators may need to increase their compliance programs to deal with ensuring register details remain updated.

Although a 10 year licence period and a perpetual licence have benefits of \$10.34 million and \$12.68 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a more regular renewal period mean that, on balance, a choice of 1, 3, or 5 years is the preferred longer licence period option. The net quantifiable benefit of the 5 year period is \$8 million (annualised ongoing impact).

6.3 Other licensing areas for consideration

The COAG guidelines state that in providing advice for decision makers, the option that generates the greatest net benefit for the community, taking into account all the impacts, should be presented as the preferred option. These guidelines make the commitment to establish and maintain effective arrangements to maximise the efficiency of new and amended regulation and to avoid unnecessary compliance costs and restrictions on competition. Decisions about whether regulatory action is in the public interest should be informed by an assessment of the effectiveness of the proposed action in meeting the identified objectives.

The preferred model is that selected after balanced consideration of all factors: it focuses on the economic cost and benefit but also takes into account appropriate risks and the impact on existing industry practices, competition impacts, including those on niche markets.

Licensing for the auctioning and sale of livestock is not included in the preferred model as there has been limited evidence to support the inclusion of these categories in the preferred model of national licensing based on an assessment of the potential risks of not licensing these areas of work.

However, stakeholder submissions strongly support the maintenance of existing arrangements as auctioning and sale of livestock are regarded as important elements of rural agency work. The

following is included to allow for fullness of information for decision makers to make a decision on whether the auctioning and/or sale of livestock should be included in national licensing.

6.3.1 Livestock auctioneer

The introduction of a livestock auctioneer licence category, as shown in table 6.15 would be a slight increase in regulation in some jurisdictions; however it would address the strong stakeholder feedback related to the consumer risks and associated probity concerns. This work is currently licensed in five jurisdictions; the cost of including this category would be minimal and has not been quantified in this RIS. However, it is not determined which jurisdictions would pick up the national licence.

Table 6.15: Proposed livestock auctioneer licence category and proposed regulated work

Proposed regulated work for a livestock auctioneer	
Livestock auctioneer	Auctioneering work means the auctioning of livestock, on behalf of another person, for fee, gain or other reward.

The qualification for a livestock auctioneer would be a statement of attainment for a unit of competency from the CPP07 Property Services Training Package, as shown in Table 6.16 below.

Table 6.16: Qualification for a livestock auctioneer

Qualification for a livestock auctioneer	
Statement of attainment for the following unit of competency from the training package known as CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4039A	Conduct livestock for sale by auction

Probity requirements

Personal probity: Criminal history relating to dishonesty; misleading & and deceptive conduct.

Financial probity: Failure to pay a fine under the National Law.

6.3.2 Livestock agency endorsement

The introduction of a livestock agency endorsement, as shown in Table 6.17 would be a slight increase in regulation in three jurisdictions that currently license this work; however it would address the strong stakeholder feedback related to the consumer risks and associated probity concerns. The cost of including this category would be minimal and has not been quantified in this RIS. However, it is not determined which jurisdictions would pick up the national licence.

Table 6.17: Proposed livestock agency endorsement and proposed regulated work

Proposed regulated work for a livestock auctioneer	
Livestock agency endorsement	Livestock agency work means selling, purchasing, exchanging, or otherwise dealing with livestock, on behalf of another person, for fee, gain or other reward, other than livestock auctioneering work.

The qualification for a livestock agency endorsement is a statement of attainment for three units of competency, as shown in Table 6.18 below, from the CPP07 Property Services Training Package. As part of the skill requirement there would be prerequisite to hold a real estate agent's licence.

Table 6.18: Qualification for a livestock agency endorsement

Qualification for a livestock agency endorsement	
Statement of attainment for the following units of competency from the training package known as CPP07 Property Services Training Package:	
Unit code	Unit title
CPPDSM4068A	Prepare livestock for sale at saleyards
CPPDSM4075A	Select livestock for sale
CPPDSM4077A	Sell livestock by private sale

Implementing a livestock auctioneer and endorsement

Table 6.19 below shows where licensing may occur for the auctioning of livestock and the sale and purchase of livestock should a decision be made to license these areas of work. It should be noted that jurisdictions have not indicated whether a national livestock auctioneer's licence or livestock agency endorsement would be issued.

Table 6.19: Proposed livestock auctioneer and livestock agency endorsement across jurisdictions

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Livestock auctioneer	y		y	y		y	y	y
Livestock agency endorsement	y		y			y		

7 Implementation

7.1 Implementation of national licensing

National licensing will be implemented for the first wave occupations, including the property occupations, following agreement to the reforms by the Standing Council for Federal Financial Relations (the SCFFR). Its introduction will necessitate a number of structural and administrative changes to existing licensing arrangements.

A transition strategy is being developed, which includes: the preparation of revised operational guidelines for the regulatory agencies involved; communications about the reform to regulatory staff, licensees and the wider public; and agreed processes by which existing licensees (current or otherwise) and those in training for a licence are deemed across to the new system.

The National Occupational Licensing Authority (NOLA) was established in 2012 as the central body responsible for administration and policy and will be responsible for the implementation of national licensing.

Under the *Occupational Licensing National Law Act 2010* (the National Law), NOLA will delegate its responsibility for the operation of licensing services to nominated regulators in each state or territory that has adopted the National Law.

To assist with the implementation phase, NOLA is establishing Occupational Licensing Advisory Committees (OLACs) and Regulator Working Groups (RWGs) for each licensed occupation. The OLACs will be made up of representatives from industry, unions and skills councils, as well as regulators and consumer groups.

It should be noted that national licensing will not encompass the standards and behaviour (conduct) of licensees once they have obtained a licence. These matters, together with compliance and enforcement, will remain the responsibility of states and territories.

NOLA will be working with jurisdictions to achieve a smooth transition to national licensing. This will involve:

- Coordination and assistance with the development of consistent transitional provisions for jurisdictional legislation. Transitional arrangements will cover such issues as:
 - deeming current licence holders into national licensing
 - deeming administrative transactions, disciplinary or court processes and actions initiated before national licensing began
 - transitioning suspended and disqualified licensees
 - cancelled licences
 - eligibility for those who initiated or completed training for a licence equivalent to a national licence before national licensing began
 - restoration of expired licences
 - eligibility for those in training for a restricted licence that will no longer exist under national licensing
 - other implementation considerations such as the availability of relevant licensee data held by jurisdictional regulators in preparation for the commencement date, which might otherwise be restricted by jurisdictional privacy laws.
- Development of clear delegation instruments for jurisdictional regulators. Service agreements will be used to establish consistent licence requirements and service delivery standards for national licensing arrangements across jurisdictions.

- Development of clear operational procedures for jurisdictional regulator staff to ensure that the system is implemented consistently across jurisdictions and occupations.
- Development of standardised tools, forms and licence formats for use by jurisdictional regulators.
- Provision of training and ongoing support for jurisdictional regulator staff on new requirements, national business rules and business processes.
- Implementation of the national licensing register across each of the relevant jurisdictional regulators as their systems become compliant with national licensing and they can interface with the national register. The national licensing register will include prescribed information about licensees and former licensees for the licensed occupations. Where it can be justified, NOLA aims to minimise the overall net cost of implementation by providing assistance and products in situations where otherwise there might be a duplication of effort by each jurisdiction. For example, it is recognised that each regulator has the challenge of data harmonisation before their data can be loaded into the national licensing register and there will be areas of commonality where assistance from NOLA can potentially save time, effort and cost.
- Development of a range of communication tools to provide information to licensees and other stakeholders of changes which may affect them once the new system is implemented. These tools include direct communications (letters/emails), meetings with licensees and/or industry groups, website content and social media, fact sheets, brochures and a public information campaign.

7.1.1 Key steps in implementation

To address potential concerns of existing licensees during a time of change, the following arrangements have been developed surrounding how licensees will be notified of their national licence, the timeframes to apply for the issue and use of those licences and what they can expect from the new national licence numbering system.

Notification of national licence(s)

Prior to the commencement of national licensing for the property occupations, licensees would be contacted with advice on the impending changes and will be asked to provide information concerning their primary jurisdiction. Subsequently jurisdictional regulators will advise licensees advised by letter of the national licence they will hold following commencement of the system. Licensees will have the opportunity to discuss any concerns they may have about their proposed national licence. It should be noted that current state and territory licences will be considered national licences when licensing commences for the property occupations.

Issuing of new national licence documentation

It is proposed that new national licence documents would be provided to licensees at the time of renewal (rather than on commencement of national licensing). However, some jurisdictions may have the capacity to issue new licence documents to all licensees on the commencement date of national licensing for that occupation. Licensees will be advised by their jurisdictional regulator as to when a national licence document will be made available.

A new national licence numbering scheme is proposed where a unique national licence number would be assigned to each licensee that transitions to national licensing and to each new licensee after the system commences. The national system would identify each entity once only in the licensing database. It is also proposed that an individual or a member of a partnership or company should be able to hold multiple occupational licence categories under this single national licence number.

The proposed national licensing register would have the capacity to search for a licensee's new national licence number and all previously generated licence numbers.

It is proposed that there will be an agreed transitional period yet to be determined, during which licensees can use either a jurisdictional or national licence number. After this time all licensees would be required to use their national licence number for identification purposes. The manner of how a licensee can advertise will be covered under existing jurisdictional conduct requirements..

Format of licence documentation

A combination of cards and certificates are currently issued by the jurisdictions. It was observed that the quality of cards and certificates varies greatly between jurisdictions. Commonly for property licensees, only a certificate is produced. Cards for the other occupations varied greatly, ranging from laminated cardboard to high-quality cards produced to a similar standard as a driver's licence with photographic identification.

The National Law allows for an approved form of a national licence. One option proposed is that NOLA or its delegates (existing jurisdictional regulators) would issue either

- a licence card (similar to a driver's licence in size and content) for identification purposes when engaging with members of the public, employers or regulators
- a licence certificate to corporate entities.

Currently most jurisdictions, for some of the occupations, can issue a licence card with a photo. For example, Victoria, Queensland and the Northern Territory issue licence cards with photos for the plumbing occupations only. South Australia and Tasmania issue them to all the trade occupations. However, under national licensing, NOLA would set the minimum requirements for standard national licence documents and jurisdictions would be required to issue national licences that comply with the requirements.

Note that the inclusion of photo identification on an individual's licence card would probably increase the cost of a licence where it is not currently provided by state-based regulators. It is possible that the cost of a photo licence could be minimised with the economy of scale of all participating jurisdictions.

7.2 Communication strategy for national licensing

Consultation about national licensing has been ongoing with a range of stakeholders including state and territory governments, industry, employer and employee representatives and internal working groups.

As with any change to regulations, a communication awareness campaign will need to be undertaken to ensure licensees, consumers and other stakeholder are informed of changes that may affect them once the new system is implemented.

There should be two levels of an awareness campaign for national licensing; one at a jurisdictional level and one at a national level.

A jurisdictional campaign could include the following activities:

- direct communications (letters/emails)
- metropolitan and regional meetings with licensees
- website content and social media
- temporary call centre staffing
- public information campaign

- industry and public campaign management.

An estimated cost drawing of a state based campaign of a similar scale to that suggested above is approximately \$300,000 to \$350,000, and is based on approximately 22,000 licensees. The impact analysis contained in this Decision RIS includes a qualitative estimate of the communication costs for governments during the transition period.

At a national level, NOLA would assist with the communication process by ensuring consistency of messaging through the NOLA website, media releases and other media and social avenues. NOLA's Board and the chief executive officer could be expected to consult with:

- ministers and governments
- business and industries
- other peak bodies, which would include employee and employer associations.

7.3 Review

The SCFFR will initiate an independent public review of the operation of the national licensing system, including the legislation establishing the system, in accordance with the guidelines established in the 2009 *Intergovernmental Agreement for a National Licensing System for Specified Occupations*. It is envisaged that the effectiveness of the national licensing reforms will be measured in a number of ways. These include assessment of the impact of national licensing on:

- labour mobility for nationally licensed occupations
- administrative burdens on national licence holders
- the consistency in regulatory requirements between jurisdictions for NOLS occupations
- deregulatory benefits for businesses and consumers.

The review will take place no earlier than five years from the commencement of the national licensing system and every ten years thereafter.

Attachment A – Key changes to existing arrangements

The Table A.1 compares the current state and territory licensing eligibility arrangements and the proposed national licensing eligibility arrangements. A tick indicates a licensed activity, a blank cell means not required or licensed and a shaded cell denotes a licence category.

Table A.1: Key changes to existing arrangements

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Stock and station agent salesperson registration							✓			A stock and station salesperson will operate under an agent's representative's registration.
Buyer's agent licence	✓									This work will form part of a real estate agent's and agent's representative's work.
Property managing licence	✓					✓				This work will form part of a real estate agent's and agent's representative's work.
Property developer's licence			✓							A licence will not be required to perform this work.
Resident letting agent			✓							This work will form part of a real estate agent's and agent's representative's work. However, a licence will not be required for letting periods less than 90 days.
Corporate resident letting agent			✓							A licence will not be required to perform this work.

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Real estate agent (affordable housing)			✓							A real estate agent's licence will be required if a reward or payment is received for the sale.
Trainee auctioneer registration certificate			✓							A trainee licence will no longer be required in order to gain experience before being eligible for an auctioneer's licence.
Certificate of registration as a registered strata manager	✓									A licence will not be required for the employee of a strata managing agent.
Certificate of registration as a registered on-site residential property manager	✓									A licence will not be required to perform this work.
Body corporate manager's restricted licence								✓		A licence may not be required to perform this work.
Stock and station agent licence	✓						✓		✓	A stock and station agent will operate under a real estate agent's licence.
Pastoral house licences			✓						✓	A pastoral house agent will operate under a real estate agent's licence and an auctioneer's licence.
Livestock auctioneer	✓									A licence will not be required to perform this work.
Stock and station agent's licence prerequisite	✓									
Livestock included in the scope of a real estate auctioneer			✓	✓		✓	✓	✓		

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Purchase, sale and auctioning of livestock	✓		✓	✓		✓	✓	✓		A licence will not be required to perform this work.
Real estate agent	✓	✓	✓	✓	✓	✓	✓	✓	✓	<p>Rural property will be included in the scope of work of a real estate agent. This will expand the work area for NSW, along with removing the need for a separate licence.</p> <p>Vic – reduced administrative requirements for employers in regard to the registration of employees.</p> <p>1. Qld and SA – currently require the licensee to pay for a criminal history report.</p> <p>2. Fitness and propriety checks for individuals and directors of body corporate.</p> <p>3. In NSW, ACT and NT this is a disqualified person.</p> <p>4. A body corporate must have a manager in place for each place of business and must be properly managed and supervised by a registered Land Agent or registered Sales Representative (with the approval of the Commissioner for Consumer Affairs to manage that office/business).</p> <p>5. 18 specified units of competency are required.</p> <p>6. 19 specified units of competency are required</p> <p>7. In Qld, WA & Tas, a licensed individual must be in charge of an agency business.</p> <p>8. In the ACT a corporation must have at least one director who also holds an individual licence in</p>
Qualification:										
• diploma level				✓	✓	✓		✓		
• certificate IV	✓	✓							✓	
• specified number of units.			✓6				✓5			
Financial probity checks:										
• payment of fines or penalties	✓	✓	✓	✓	✓			✓	✓	
• bankruptcy/insolvency checks	✓	✓	✓	✓	✓	✓	✓	✓	✓	
• provisions of financial statements				✓						
• provisions of annual returns.					✓					
Personal probity checks:										
• offences in relation to carrying out regulated work									✓	
• criminal history check	✓	✓	✓ 1	✓	✓1			✓	✓	
• director/corporation check	✓	✓	✓	✓	✓	✓	✓	✓	✓	
• fit and proper check	✓	✓	✓	✓	✓2	✓	✓	✓		
• drug trafficking conviction.		✓	✓10					✓	✓	
Evidence of experience		✓		✓		✓	✓			

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Age requirement (minimum age)	✓	✓	✓	✓			✓	✓		their own right.
Insurance requirement (professional indemnity insurance)	✓9					✓	✓	✓		9. In the NT a person is identified as a business manager and must be a licensed agent.
Cannot be a represented person under a guardianship order or a declaration of mental capacity required	✓ 3	✓				✓	✓ 3	✓ 3		8. Includes character check of a licensee's business associates. 10. In Qld this is a disqualifiable offence 11. NSW requirement from 1 January 2013, with transitional arrangements to be in place until 1 July 2013
Not a disqualified person	✓	✓	✓	✓	✓	✓		✓		
Fidelity fund claim		✓	✓							
Triennial certificate				✓						
Mandatory skills maintenance requirements	✓			✓		✓	✓			
Other requirements:										
• nominee (technically skilled person employed by business)	✓	✓	✓7	✓7	✓4	✓7	✓8	✓9	✓	
• advertising notice of application				✓		✓	✓	✓		
• staff ratio requirement				✓						
• registered address in jurisdiction.	✓	✓	✓						✓	
Licence duration	1 year	1 year	1 or 3 years	3 years	1 year	Annual registration	1 year	1 year	1, 3 or 5 years	

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Business agent	✓			✓			✓	✓	✓	<p>1. Under national licensing a separate licence will be required to perform business agency work in Vic, Qld, Tas and SA. This would also marginally increase the qualification requirements due to the separate licence category.</p> <p>2. 18 specified units of competency are required.</p> <p>3. In NSW, ACT and NT this is a disqualified person.</p> <p>4. In WA, a licensed individual must be in charge of agency business</p>
Currently forms part of the work of a real estate agent's licence 1		✓1	✓1		✓1	✓1				
Qualification:										
• diploma level				✓						
• certificate IV	✓								✓	
• specified number of units.							✓ 2			
Financial probity checks:										
• payment of fines or penalties	✓			✓				✓	✓	
• bankruptcy/insolvency checks	✓			✓			✓	✓	✓	
• provisions of financial statements				✓						
Personal probity checks:										
• offences in relation to carrying out regulated work									✓	
• criminal history check	✓			✓					✓	
• director/corporation check	✓			✓			✓	✓	✓	
• fit and proper check	✓			✓			✓			
• drug conviction.								✓		
Evidence of experience				✓			✓			
Age requirement (minimum age)	✓			✓			✓	✓		
Insurance requirement (professional indemnity insurance)							✓	✓		

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Cannot be a represented person under a guardianship order or a declaration of mental capacity required	✓ 3						✓ 3	✓ 3		
Not a disqualified person	✓			✓				✓		
Fidelity fund claim										
Mandatory skills maintenance requirements	✓			✓			✓			
Triennial certificate				✓						
Other requirements:										
• nominee	✓			✓ 4					✓	
• advertising notice of application				✓						
• staff ratio requirement				✓						
• registered address in jurisdiction.	✓								✓	
Licence duration	1 year			3 years			1 year	1 year	1, 3 or 5 years	
Strata managing agent	✓	✓ 3					✓ 1		✓	<p>1. In the ACT, there will be a cost increase to prospective licensees who only undertake strata managing work through the change on the skill-based eligibility requirements. The Territory's government has yet to make a decision on whether a national licence will be issued for strata managers</p> <p>2 In the NT Under national licensing in the NT, a separate licence will be required to perform</p>
Can form part of the work of a real estate agent's licence							✓	✓ 2		
Qualification:										
• diploma level										
• Certificate IV.	✓								✓	
Financial probity checks:										

Licence category and eligibility requirements <i>License categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
<ul style="list-style-type: none"> • payment of fines or penalties • bankruptcy/insolvency checks. 	✓								✓	<p>strata managing agent work and there will be a decrease in the skill-based eligibility requirements</p> <p>3. Victoria has a registration scheme with no skills-based eligibility requirements. A national licence may not be issued and current jurisdictional arrangements will continue.</p> <p>4. In NSW this is a disqualified person.</p>
Personal probity checks:										
<ul style="list-style-type: none"> • offences in relation to carrying out regulated work • criminal history check • director/corporation check (business entities) • fit and proper check. 								✓		
	✓								✓	
	✓								✓	
	✓									
Age requirement (minimum age)	✓	✓								
Insurance requirement (professional indemnity insurance)		✓								
Cannot be a represented person under a guardianship order or a declaration of mental capacity required	✓ 4	✓								
Not a disqualified person	✓									
Other requirements:										
<ul style="list-style-type: none"> • nominee (technically skilled person employed by business) • mandatory skills maintenance requirements • registered address in jurisdiction. 	✓								✓	
	✓									
	✓								✓	

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Licence duration	1 year	1 year							1, 3 or 5 years	
Real estate auctioneer	✓		✓	✓ ¹	✓			✓	✓	<p>1. Licensed under separate legislation under a general auctioneer's licence and issued through magistrate's courts.</p> <p>2. NSW – Currently an endorsement on a real estate agent's licence or stock and station agent's licence. Licence prerequisite qualification required, plus 2 additional units of competency.</p> <p>Tas – Included in scope of work of a real estate agent and also issue a separate registration for a general auctioneer (goods and chattels).</p> <p>3. SA – Licence prerequisite as a licensed land agent or a registered sales representative, plus 1 or 2 additional units of competency depending on which training package the qualification was obtained under.</p> <p>4. Qld – currently requires the licensee to pay for a criminal history report.</p> <p>5. In NSW and NT this is a disqualified person.</p> <p>6. In Qld a licensed individual must be in charge of an auctioneer's or real estate agent's business</p>
Currently forms part of the work of a real estate agent's licence		✓				✓	✓			
Real estate agent's licence prerequisite	✓				✓ ³					
Auctioning of livestock included in the scope of regulated work ⁷	✓		✓	✓		✓	✓	✓		
Qualification:										
• 2 units of competency	✓ ²				✓ ³					
• 3 units of competency									✓	
• 5 units of competency			✓							
Financial probity checks:										
• payment of fines or penalties	✓		✓	✓	✓			✓		
• bankruptcy/insolvency checks.	✓		✓	✓	✓			✓		
Personal probity checks:										
• criminal history check	✓		✓ ⁴	✓	✓				✓	
• fit and proper check	✓		✓	✓	✓					
• drug offences			✓					✓		
• character testimonials.				✓						
Evidence of experience			✓	✓				✓		

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)</i>								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Age requirement (minimum age)	✓		✓	✓				✓		
Insurance requirement (professional indemnity insurance)								✓		
Character check of a licensee's business associates			✓							
Cannot be a represented person under a guardianship order or a declaration of mental capacity required								✓ 5		
Not a disqualified person	✓		✓	✓	✓			✓		
Fidelity fund claim			✓							
Mandatory skills maintenance requirements	✓			✓						
Other requirements:										
• nominee for corporations			6							
• advertising notice of application				✓						
• registered address in jurisdiction.	✓		✓							
Licence duration	1 year		3 years	1 year	1 year		1 year	1 year	1, 3 or 5 years	
Agent's representative (combined real estate and business agency work)		✓	✓		✓				✓	
Separate licence categories for agent's/sales representative and business agent's representative	✓			✓			✓	✓		

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Qualification: <ul style="list-style-type: none"> • Certificate IV • skill set – 7 units of competency • skill set – 5 units of competency • skill set – 4 units of competency • 3 specified units of competency. 			✓5	✓	✓			✓1		include property management. Vic – Employees are currently registered with the employer and no fee is paid to the regulator. 1. NT – Certificate IV for a business agent's representative and 24 units for a real estate agent's representative. 2. Qld and SA – Currently require licensees to pay for a criminal history report. 3. In NSW, ACT and NT this is a disqualified person. *4. Registration of an agent's representative is only required when commencing and ceasing employment. The employer advises the regulator of the employment status. 5. Qld 7 units from the current training package or 4 units from a superseded training package. 6. In Qld this is a disqualifiable offence 7. includes offences against the person.
Financial probity checks: <ul style="list-style-type: none"> • payment of fines or penalties • bankruptcy/insolvency checks • provisions of annual returns. 	✓	✓						✓	✓	
Personal probity checks: <ul style="list-style-type: none"> • criminal history check • fit and proper check • drug trafficking conviction. 	✓	✓	✓2	✓	✓2				✓7	
	✓	✓	✓	✓	✓		✓			
			✓6					✓	✓	
Evidence of experience				✓			✓			
Age requirement (minimum age)	✓	✓	✓	✓			✓	✓		
Insurance requirement (professional indemnity insurance)							✓	✓		
Cannot be a represented person under a guardianship order or a declaration of mental capacity required	✓3	✓					✓3	✓3		

Licence category and eligibility requirements <i>Licence categories and their requirements</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT		
Not a disqualified person	✓	✓	✓		✓			✓		
Fidelity fund claim		✓	✓							
Triennial certificate				✓						
Mandatory skills maintenance requirements	✓						✓			
Other requirements:										
• registered address in jurisdiction.	✓	✓								
Licence duration	1 year	*4	1 or 3 years	3 years	1 year		1 year	1 year	1, 3 or 5 years	

Attachment B – Overview of the property industry sector

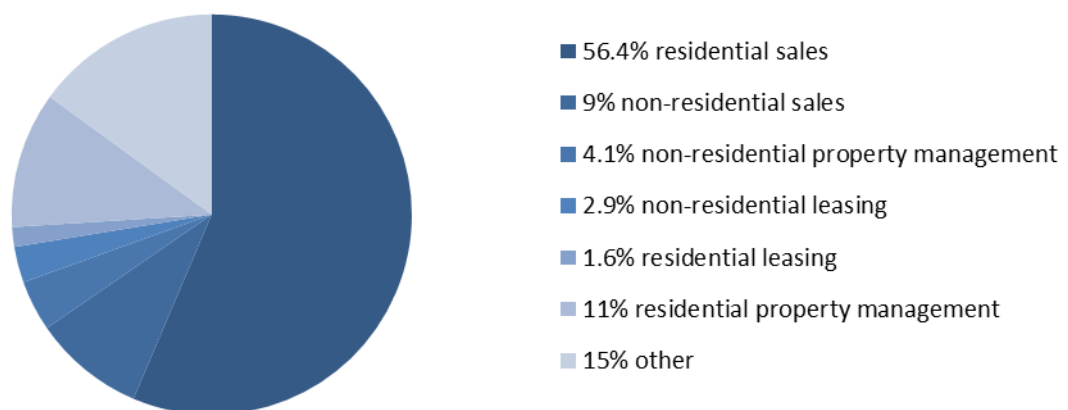
The property industry in Australia includes a large number of property occupations, such as real estate agents, business agents, strata managers, property managers and auctioneers.⁹² In 2012–13, the industry generated revenue of \$8.9 billion, the majority of which was derived from residential sales (56.4 per cent); residential property management and non-residential property sales were the next largest contributors.⁹³

While the residential market accounts for the majority of industry revenue, the commercial market is also a significant source of revenue. However, since fund managers and other financial institutions that own commercial properties can organise direct deals with buyers, the industry's (non-residential) services are not as influential in the industry.⁹⁴

In the residential market, operators mostly comprise localised firms with a smaller number of national franchises that mainly operate in the non-residential and rural markets.

Figure B.1 illustrates this product and service segmentation.

Figure B.1: Product and services segmentation, 2011



Source: IBISWorld 2012, *Industry Report: Real estate agents in Australia* October 2012.

Major real estate agencies are now forming joint ventures to participate in the fast-growing facilities management segment to generate fees from acting on behalf of tenants (e.g. government and major company tenants). Facilities management includes the management of hard services (e.g. air-conditioning, electrical systems, fire safety, lifts, boilers, mechanical repairs and maintenance); the control of contracts for soft services (e.g. cleaning, security, pest control, catering and grounds

⁹² The industry also includes conveyancers and valuers, which fall into the second tranche of national licensing occupations.

⁹³ IBISWorld 2012, *Industry Report L7720: Real estate agents in Australia*, October 2012.

⁹⁴ Ibid.

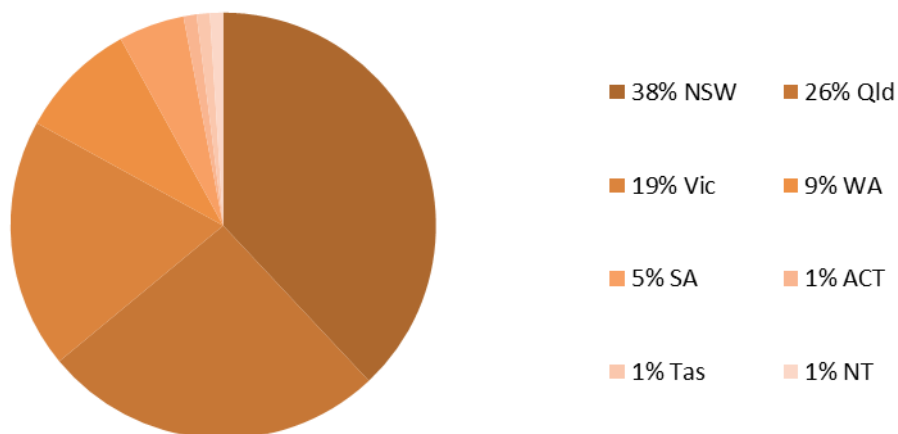
maintenance); and property agent services such as management of leases, property inspections, rent reviews, re-leasing of space and tenant relocations. These services have increased in popularity by agents over the past five years thanks to its income stability compared to sales income, which is a lot more volatile, making sales income a more popular pursuit during boom years⁹⁵.

Based on information provided by jurisdictional regulators, there are over 118,000 property licensees across Australia. Approximately 75 per cent of licences are issued in New South Wales, Victoria and Queensland.

The majority of real estate establishments (approximately 81.9 per cent) are located in New South Wales, Victoria and Queensland.⁹⁶ There has been significant growth in demand for both residential and non-residential real estate in Western Australia, which has resulted in more real estate agents in that state than population alone would suggest (see Figure B.2).

Mid-sized businesses dominate all states and territories. The largest businesses have the strongest presence in smaller markets, notably the Northern Territory and the Australian Capital Territory, because they are competing with much smaller operations.⁹⁷

Figure B.2: Business locations



Source: IBISWorld 2011, *Industry Report: Real estate agents in Australia*, October 2012.

⁹⁵ Ibid

⁹⁶ Ibid

⁹⁷ Ibid

Attachment C – List of submissions

Table C.1 contains a list of submissions to the property occupation Consultation RIS from organisations, industry associations or an individual. A number of submissions are not included in the table for the following reasons:

- permission for publishing not given; or
- submission is from a government agency; or
- individual has not identified themselves with a full name

All submissions, except those not giving permission for publishing or from a government agency, can be found on the NOLA website www.nola.gov.au.

Table C.1: List of submissions provided by organisations, industry associations and individuals

Submissions provided by organisation/industry associations	
A.J.F. Brien & Sons	Chadwick, David
AAA Stock & Property	
Abley Real Estate Pty Ltd	Reid, Lisa
Across Country Real Estate & Livestock	
Acton Real Estate	Baxendale, Alan
Addison Real Estate	Addison, Ted
Alan Poyner Stock & Station Agent	Poyner, Alan
Alex Johnston & Co	White, S
Alex Scott and Staff	Gerdsen, Janine
All Star Real Estate Pty Ltd	Cramond, Alan
Allan Gray & Co	Brien, William J
Allpoints @ Leopold	
AMP Capital Shopping Centres	Clarke, Trudy
Andrew Peadon Agencies	
Auddiono First National	Auddino, George
Auld Property Sales	Auld, Peter
Ausnet Real Estate Network	Hosking, Graeme
Australian College of Professionals	Sullivan, Rosy
Australian Institute of Building	Cameron, James
Australian Institute of Business Brokers Inc.	Nielsen, Paul
Australian Institute of Conveyancers	Stevens, Jeff
Australian Institute of Conveyancers (SA Division) Inc	Stolinski, Kathy
Australian Institute of Conveyancers(WA Division) Inc	Parry, David
Australian Livestock & Property Association	Madigan, Andy
Australian Livestock & Property Association	Soutar, John
Australian Livestock & Property Association	Trafford, Olivia
Australian Livestock Markets Association	White, Anthony S
Australian Master Tilers Association Ltd	
Australian Property Buyers & Boutique Property Managers	Mackay, Karin
Australian Property Institute	Western, Philip

Submissions provided by organisation/industry associations

Australian Resident Accommodation Managers Association (NSW)	Anderson, John
Australian wool & Pastoral Agency	Ryan, Robert
Axis Property	Lieberman, Daniel
Bargwanna & Gerrard	Bargwanna, Graham B
Bargwanna & Gerrard	Gerrard, John A
Bargwanna & Gerrard	Jolliffe, Mark W
Barleys Real Estate St Kilda	Martin, Danielle
Barlow & Peadon Schute Bell	Barlow, Angus
Barry Plant Real Estate Heathmont	Bakken, Jennifer
Bebold Property Specialists	
Bedford Dewar Real Estate Pty Ltd	Bedford, Brian
Bishop & Co	Chittick, Ronald Noel
BJ's Bikes and Bits Pty Ltd	
Boller & Company	Boller, W G
Boreen Point Real Estate	Killenn, Rhonda
Bour Licenced Property	Bour, J
Boyd O'Brien Bartholomew	O'Brien, V
BPG Training Pty Ltd	Rowe, Tony
Buloke Properties	Milne, Graeme
Burke & Smyth Stock & Station Agents Pty Ltd	Burke, Simon
Burnham Real Estate	Gerace, Tony
Business Council of Australia	Westacott, Jennifer
Butterfield Agencies	Butterfield, Peter B
Butterfield Agencies	Butterfield, Tania S
Buyer Solutions Australia Pty Ltd	Spencer, J
C. Olsen Agencies	Olsen, Clive C
C. Olsen Agencies	Smith, Margaret G
Caine Real Estate	
Camelle Real Estate	Byrnes, Murray
Capital One Real Estate Wyong	Ballard, Wayne
Cayzer Real Estate Pty Ltd	
Central Institute of Technology	Jasiak, John
Central Institute of Technology	De Luca, Judy
Century 21	Taylor, Yvonne
Century 21 First Choice (North East)	Paterson, Peter
Century 21 Harbourise	Petrou, Fay
Century 21 McCann Alliance	Kenny, Mark
Century 21 Smart Choice Cheltenham	Poulios, Nicolas
Charles Stewart & Co P/L	Stewart, Michael
Chester & Smith Pty Ltd	Smith, Stewart
Christopher Russell	Ewart, Chris
Citicoast Realty Pty Ltd	Tawyer, David
Colliers International (Ballarat & Geelong) Pty Ltd	Hurst, Travis
Colliers International (Ballarat & Geelong) Pty Ltd	Thompson, Wayne
Commercial Property Management Services	Thomson, Wendy
Complete Property Training	
Corcoran Parker Oliver Real Estate	Oliver, John/ Corcoran, Kevin /Parker, Trevor

Submissions provided by organisation/industry associations

CPSISC	Magee, David
Cunninghams Property	Cunningham, John
Curnow Dyett Real Estate	Dyett, Noel
CVA Property Consultants Pty Ltd	Carbone, Anthony
CVA Property Consultants Pty Ltd	Angelico, Ian
Darrol Crouch Livestock Pty Ltd	Crouch, Darrol
David Falk & Co Pty Ltd	Falk, David
Davidson Cameron & Co	Thomson, Barry
Davidson Cameron & Co	Harley, Hunter
Davidson Cameron & Co	Rozendaal, Kim
Davidson Cameron & Co	Guest, Michael
Davidson Cameron & Co	Barnes, Nicola
Davidson Cameron & Co Dubbo Pty Ltd	
DBX	
DEXUS Property Group	Williams, Glyn
DGi Properties	Gargaro, David
Diacion Business Brokers	Healy, David
Dillon & Sons Pty Ltd	Dillon, Paddy V
Dingley Village Real Estate	Hine, Stewart
Dorrigo 1 Real Estate	Slender, Murray
Doug Lougoon for Real Estate	Lougoon, Doug
Dowling Livestock & Property Pty Ltd	Dowling, Peter
DTZ	O'Callaghan, Patrick
Eastern Central Real Estate Pty Ltd	Mash, George
Eastern Rural	Lowery, Nic
Eastern Rural	Bird, Peter
Eastern Rural	Lyne, Roger
Elders Dorrigo	Paix, Colin
Elders Dorrigo	Starr, John H
Elders Geraldton	Courtland, Peter
Elders Kangaroo Island	Downing, Greg
Elders Katanning	Rondoni, Tony
Elders Korumburra	Olden, Don
Elders Millicent	Glasson, Gary
Elders Real Estate	Auld, Bruce
Elders Real Estate	Kirby, Chad
Elders Real Estate	McPharlin, David
Elders Real Estate	Seal, Elaine
Elders Real Estate	Leake, James
Elders Real Estate	Redden, Peter
Elders Real Estate	Stephens, Rob
Elders Real Estate	Wake, Steve
Elders Real Estate	Svenson, Zel
Elders Real Estate	White, Geoff
Elders Real Estate Alstonville	Macrea, Kryst & Macrea, Tony
Elders Real Estate Benalla	Mackinnon, David
Elders Real Estate Bendigo	Attard, Breanna
Elders Real Estate Echuca	Rowley, Cathleen

Submissions provided by organisation/industry associations

Elders Real Estate Kilmore	Smith, Wayne
Elders Rural Albury	Collston, R
Elders Rural Services	O'Brien, John
Elders Rural Services	O'Brien, Vincent John
Elmes Rural Pty Ltd	Elmes, Cameron
Elvera on Lygon	Russell, Tim
Erika Thomas & Associates	
Estate Agents Co-operative Ltd (EAC)	Crombie, David
Exclusively Strata	
Exec-Estate Pty Ltd	Sachs, John
First National City Residential Melbourne	Cimino, Joe
First National Real Estate	Bailey, Scott
First National Real Estate	McTaggart, Tony
First National Real Estate Alford & Duff	Alford, Steve
First National Real Estate Collie & Tierney	
First National Real Estate Neilson Partners	Ross, Neil
First National Real Estate Phillip Island	
Fitzgerald Property	FitzGerald, John
Fletchers	Pettolino, Nina
FOB Livestock Sale Pty. Ltd.	Connors, Gordon
Forbes Livestock & Agency Co Pty Ltd	Dunn, William G
Forbes Livestock & Agency Co Pty Ltd	Mackay, Timothy J
Forbes Livestock & Agency Co Pty Ltd	Grayson, Randal P
Fountain & Co	Fountain, Anthony
Freer Property and Finance	Freer, Graeme
Fyfe & Wood Pty Ltd	Wood, John
G.J. Hulm & Co	
Galetto Real Estate	Galetto, Kate
Garth Lisle Property Consultants	
Gartland Real Estate Geelong	Mackay, Wayne
Gateway Livestock Pty Ltd	White, Anthony S
George & Fuhrmann	Flood, A P
George & Fuhrmann	Perkins, Darren
George & Fuhrmann	O'Reilly, David
George & Fuhrmann	Pedrini, Jenny
George & Fuhrmann	Bodley, Luke
George Avard Rural Property Sales	Avard, George
Gerard Collins Real Estate	Hobson, Steve
GMO Business Sales	O'Hehir, Graham
Graham Chalmer Pty Ltd	Costin, Peter
Graham Chalmer Pty Ltd	Chalmer, Stephen
Groves Real Estate	Groves, Darren
Guy Saddleton Real Estate Pty Ltd	Saddleton, Guy
Halikos Properties Pty Ltd	Millar, Kristy
Hall and Partners Fist National	Chernishov, Karen
Hamilton Mortimer Agency Pty Ltd	Hamilton, Scott
Hand McPhee Property Consultants	McPhee, Gerald
Harcourts City Residential	Wilson, Dionne

Submissions provided by organisation/industry associations

Harcourts Judd White Glen Waverley	Paola, Lou
Harcourts North Geelong	Grgic, Joe
Harold Curry Real Estate	Curry, Harold
Harper Trevaskis Pty Ltd	
Hayes &Co Harrisville	Bell, Craig
Hayes &Co Harrisville	Bell, Jason
Hayes &Co Harrisville	Hayes, Penny
Hayes &Co Harrisville	Bell, Peta
Hayes &Co Harrisville	Hayes, Peter
Hayes &Co Harrisville	Quinn, Ricky
Hillside Properties Pty Ltd	McDonald, Greg
Hockingstuart Property Investor Services	Snell, Christopher
Hodges Mt Eliza Pty Ltd	Porter, Leanne
Holding Real Estate Pty Ltd	Holding, Ian
Holloways Stock & Property P/L	Holloway, Steve
Holloways Stock & Property P/L	Chivers, Col
Holman Tolmie Stock & Station Agents	
Hooper Real Estate	
Hourn & Bishop Qld	
Housesafe Inspections and Education H &K & Associates Property Inspection Specialist	Ryan, Howard
Hume Moreland Pty Ltd	Failla, Paolo (Paul)
Hurst Partners Business Brokers	Hurst, Robert
Ian Macleod Agencies	Macleod, Ian
Ian Morgan Livestock	Morgan, Ian
IMACKA Property & Livestock	Mackintosh, Iain
Infolio Corp Pty Ltd	Staley, Lauren
It's a Breeze Property Pty Ltd	Daniel, Bertram
J.A. McGregor Livestock & Property Pty Ltd	Stevenson, Carmel Ann
J.A. McGregor Livestock & Property Pty Ltd	Smith, Mark
J.A. McGregor Livestock & Property Pty Ltd	Hallam, Phillip
J.B. Barham Real Estate	Baxendale, Rodney
J.M. Smith & Co	Smith, Denis
Jellis Craig	Reid, Mark
Jervis Bay Rentals	Atkins, Peter
JJ Burns	Burns, James J
John B Traeger QLD	Traeger, John B
John Flood Estate Agents	Flood, John
John Flood Estate Agents	Smith, Robyn
John Flood Estate Agents	Warburton, Sandy
Jones Lang La Salle	O'Connell, Andrew
Jones Lang La Salle	Kaufman, James
JR & AL Ritchie Rural Pty Ltd	Ritchie, Jim
K L Dowling & Co	Dowling, John K
K.P. McMahon Pty. Ltd.	McMahon, Kevin Patrick
K.P. McMahon Pty. Ltd.	McMahon, Scott
Kaikura Land Sales	
Kapitol Brokers	Mason, David

Submissions provided by organisation/industry associations

KAPLAN Professional Education	Knight, Brian
Kempsey Stock & Station Agents	B D
Kempsey Stock & Station Agents	Savl, Kristy T
Kempsey Stock & Station Agents	Argue, L
Kevin Nixon Real Estate	Nixon, Antony
Kevin Sheehan Property	Sheehan, Kevin
Kevin Wishart – Sale of Business	Nastas, George
Kevin Wishart – Sale of Business	Wishart, Kevin
Kindellan Livestock & Property Pty Ltd	Kindellan, Julie
Kindellan Livestock & Property Pty Ltd	Kindellan, Patrick
King & Co Property Consultants	Robson, Wayne
King & Heath	Baylis, Matt
Kingsdale Wines	Spark, Howard
Kirkland Real Estate	Cardow, Grant
KMWL Forbes	Whitty, Luke
KMWL Forbes	Lennon, Matthew
Lachlan Partners Property Advisors	Roth, Lewis
Laing & Simmons	Bryant, John
Landmark	Hoch, Bernard John
Landmark	Ferguson, Damon
Landmark	Delaney, Gerard
Landmark	Collett, Matthew
Landmark	Cooper, Paul
Landmark	Franklin, Peter Alfred
Landmark	Wilde, Robert W
Landmark	Dwyer, Tony
Landmark Copeland Medway	Medway, Colin
Landmark Hamilton	Lawson, John C
Landmark Harcourt Keith/Bordertown	Watts, Geoff
Landmark Harcourts	Johns, Gary
Landmark Harcourts	Hughes, Jennifer Anne
Landmark Harcourts	McIntyre, Simon
Landmark Harcourts (Victoria)	Hellyer, Jason
Landmark Harcourts - Garcol Pty Ltd	
Landmark Harcourts Ararat	Greg, Kerr
Landmark Harcourts Ararat	Freeland, Erin
Landmark Harcourts Keith/Bordertown	Watts, Ronda
Landmark Harcourts Real Estate Jamestown	Batten, John
Landmark Harcourts Streaky Bay	Puckridge, Jodie
Landmark Harcourts Streaky Bay	Puckridge, Paul
Landmark Melbourne	
Landmark Narrandera	Corbett, Gregory
Landmark Narrandera	Martin, Michael
Landmark Operations Limited	Hickman, Wayne
Landmark Operations Limited	Brooke, Mark
Langlands Hanlon	Rice, Geoff
Lanyons Licensed Estate Agents	Morrison, Helen
Len Sevil Agencies	Sevil, Len

Submissions provided by organisation/industry associations

Lend Lease Primelife Realty (Vic)	Gibson, Stuart
Leyton Real Estate Pty Ltd	Le, Tony
LJ Hooker	Pound, Barry
LJ Hooker Bathurst	Curry, Christine
LJ Hooker Business Broking	Petro, Stephen
LJ Hooker Dandenong	Chisholm, Margaret
LJ Hooker North Sydney	Saul, Maryellen
LJ Hooker Oakleigh	Argyriou, Peter
LJ Hooker South Morang	Collias, Bill
Lloyd Collins Property Consultants	Collins, Paul J
LMG Commercial Property Services	Grogan, Mark
Loftus Plumbing	Backhouse, Anthony
Logical Livestock Marketing	McKittrick, Simon
LWP Property Group Pty Ltd	Gleeson, Peter
MAA Livestock & Property Pty Ltd	McLeod, Duncan
MAA Livestock & Property Pty Ltd	Cherry, Lyle
MAA Livestock & Property Pty Ltd	Hudson, Rebecca
MAA Livestock & Property Pty Ltd	Filan, Seamus
Maddison Livestock & Property Pty. Ltd.	Maddison, Lindsay
MagiXstrata	Metzger, Marietta
Maguires Real Estate & Livestock Pty Ltd	Maguire, Tim
MAP Real Estate Pty Ltd	Furlong, M
Mark Adams Real Estate	
Master Builders Association	Maroya, Alex
Matthew Cooper Real Estate	Cooper, M J
McAlister Saunderson Stubbs Gundagai - Tumut	McAlister, A J
McAlister Saunderson Stubbs Gundagai - Tumut	Saunderson, Jim
McCarron Cullinane Pty Ltd	Connick, Darren
McCarron Cullinane Pty Ltd	Fryer, Lindsay
McDonald Lawson Pty Ltd	McDonald, T F
McDonald Lawson Pty Ltd	Lawson, Grant William
McDonald Lawson Pty Ltd	Carter, Andrew
McDougall and Sons Pty Ltd	
McDougall's Real Estate	
McNamara Adams Pty Ltd	McNamara, Matthew
McPhail Real Estate	Meikle, David
McPherson Plumbing	Anderson, Paul
Melbourne Body Corporate Management Chelsea	Williams, Ernie
Melbourne CBD Real Estate	Bergman, Dora
Mick Fleming Real Estate	
Miller Whan & John Pty. Ltd.	John, David
Milling Stuart Pty Ltd	Stuart, Angus
Milling Stuart Pty Ltd	Stuart, John T
Mollymook Narrawallee Real Estate	Amphlett, Laurie
Monaro livestock & Property Pty Ltd	Dixon, Vanessa
Monaro livestock & Property Pty Ltd	Dixon, Will
Moncrieff Livestock & Property	Moncrieff, G J

Submissions provided by organisation/industry associations

Morrison Commercial Industrial	Morrison, Peter
Morrison Kleeman Estate Agents Pty Ltd	Kleeman, Peter
MRE Property Marketing P/L	Licciardi, Richard
Mustardseed Properties	Fox, Phillip
Nathan Everingham & Co	Everingham, Nathan
National Property Systems	Taylor, David
National Sterling Real Estate Pty Ltd	Secatore, Fabian
Nelson Bay Real Estate	Jones, Heath
Newberry te Velde Carige Agencies	te Velde, Terry
Newforce Livestock Pty Ltd	Mills, Rob
Nicholls Gledhill Real Estate	Andrews, Gavin
Nichols Crowder Property solutions	Nichols, Matt
Noel Jones Camberwell	Walters, Rowan
North Estate Agents – Tweed Heads	
NSW Farmers Association	Simson, Fiona
NSW Real Estate Training College	Johnston, Sally
Oliver Myers Real Estate	Myers, Tony
On Spot Estate Agents	Doumit, Tony
ONE Agency	Absalom, Sally
Owners Corporation Management Specialists Pty Ltd	Gray, Jane
P & L Livestock and Real Estate Agent	Lamond, Al
P & L Livestock and Real Estate Agent	Pettingill, Brooke
P.J. Holland & Co	
Paul & Scollard Pty Ltd	Ivone, Bernard
Paul McDonald Real Estate	McDonald, Paul
Paynes Real Estate	Payne, Patricia
PDK Real Estate	Player, Allan J
Perman and Associates	Perman, Robert
Peter Barnes Real Estate	Barnes, David
Peter Beattie & Associates/BT Consulting	
Peter Hinchliffe & Co	Hinchliffe, Peter
Peter McErvale Real Estate	McErvale, Peter
Peter Wilson Livestock & Real Estate Pty. Ltd.	Wilson, Peter
Philip Webb Pty Ltd	O'Connor, Frank
Philip Webb Pty Ltd	Cherry, Gail
Philip Webb Pty Ltd	Lyon, Sophie
Pindan Realty Pty Ltd	Bunting, Kim
Piper Real Estate Coolah	Piper, Shelley
Pitt Son Porter & Finlayson Pty Ltd	
Plasto & Company Livestock and Property	Plasto, Geoff
Port City Realty	James, Tom
Port Hacking Real Estate	Howison, Greg
PQ Management Pty Ltd	
PR Masters Stephens & Co Pty Ltd	Willis, Clifford
PR Masters Stephens & Co Pty Ltd	Stephens, Peter
PR Masters Stephens & Co Pty Ltd	Johnston, Scott
Pratt Agencies Pty Ltd	

Submissions provided by organisation/industry associations

PRDnationwide Grafton	Seymour, Robbie
PRDnationwide The Entrance	Lamont, Chris
Precision Independent Property Advisory	Croxford, Alastair
Primaries Real Estate	Pedersen, Lisa
Primaries Real Estate Bunbury	Fairhead, Alan
Primaries Real Estate Geraldton	Correy, Max
Professionals Inverell	Taylor, Sean
Prompt Realty	
Property Council of Australia	Morrison, Ken
Property Sales Association of Queensland - Real Estate Association of NSW	Gannon, Barry & Ellis, Trish
Property Sales Association of Queensland (PSAQ)	French, Tom
Property Training Qld	Lupi, Paul
Prosser Hutton Pty. Ltd.	Prosser, P M
QNA Equity Pty Ltd	Nguyen, Quoc
Quade Moncrieff Livestock & Property Pty Ltd West Wyalong	Quade, Kim
Quade Moncrieff Livestock & Property Pty Ltd West Wyalong	Quade, Paul
Quirk Real Estate	Quirk, Sharon
R.F. Duncan & Co Rockhampton	Francis, David G
R.H. Blake & Co	Harrison, Ian B
Raine & Horne Goondiwindi	Leonard, Pauline
Raine & Horne Goondiwindi	
Ramsey & Bulmer	Ramsey, Allen
Raven's Business Services	Raven, Ian
Rawlinson & Brown Pty Ltd Griffith NSW	Brady, Gavin William
Ray Donovan Stock & Station Agents Pty Limited	
Ray Mascaro & Co. Pty Ltd Estate Agents	Mascaro, Ray
Ray White	Booth, Trevor
Ray White Echuca	Morgan, Stephen
Ray White Geraldton	van Tiel, Henry
Ray White Geraldton	Tilley, Michelle
Ray White Geraldton	Banks, Nicole
Ray White Geraldton	Sukiennik, Peter
Ray White Keatley	Keatley, Harriet
Ray White Korff & Co	Korff, Chris
Ray White Melbourne CBD	Leung, Andrew
Ray White Real Estate	Mark Walsh
Ray White Real Estate Glenmore Park & Werrington County	Almazan, Sandy
Ray White Rural	Gunning, Bruce
Ray White Rural Cowra	
Ray White Rural Dalby	Kirtley, Andrew
Ray White Rural Dalby	Laverty, Brian
Ray White Rural Dalby	Lyne, Roger
Ray White Rural Dubbo	
Ray White Rural NSW	

Submissions provided by organisation/industry associations	
Ray White Rural Roma	Clanchy, Jack
Ray White Rural Roma	Wildermuth, Robert
Ray White Rural Townsville	Currie, Kevin
Ray White Sale	Walker, John
Ray White Wentworth Point	Deviessieux, Jeremy
Real Estate Consulting Solutions	Stanley, Denise
Real Estate Institute of Australia	Kreitals, Jock
Real Estate Institute of New South Wales	McKibbin, Tim & Sklavos, Eva
Real Estate Institute of New Zealand	O'Sullivan, Helen
Real Estate Institute of Victoria	Raimondo, Enzo
Real Estate Institute of Victoria	Lourandos, James
Real Estate Mastery	Cooper, Terri
Real Estate Salespersons Association (SA)	Masson-Forbes, Lynn
Real e-training	Hammond, Jamie
RealTeam Property Group	Whitrow, Michael
Robert James Property	Seth, Brian
Robert Pedersen Real Estate	
Robertson Port Fairy	Turner, David
Ross Murray Rural Pty Ltd	Murray, Ross
Royal Institution of Chartered Surveyors – Oceania	Jennings, Collin
RP Data Pty Ltd	Mackenzie, Craig
Rural Marketing Agents Limited	Druitt, Peter S
SAFEMEAT	Bailey, Stephen
Saffin Kerr Bowen Wilson Pty Ltd	Bowen, Ross
SAL North West Livestock & Real Estate	Kenchington, Bronte
Sal Real Estate Naracoorte	Grundy, Cameron
Salvatore Real Estate	
Sandra Dunbar Real Estate	Dunbar, Sandra
SDSS	
Seddon Property Consultants	Seddon, John
Sharp Fullgrabe & Co Pty Ltd	
Shepherdson and Boyd (Qld) Pty. Ltd.	Boyd, Dick
Shopping Centre Council of Australia	Cockburn, Milton & Nardi, Angus
South West Farmers	Goldby, David
South West Realty	
Southern Australian Livestock Pty Ltd	Redpath, Bruce
Southern Australian Livestock Pty Ltd	Overall, Denis
Southern Grampians Livestock & Real Estate	Crow, Ashley
Southern Grampians Livestock & Real Estate	Templeton, Heath
Stafford Stock & Property Pty Ltd	Stafford, Shane R
Stan Lawrence Real Estate Pty Ltd	Lawrence, Stan
Sternbeck's Real Estate Pty Ltd	Harvey, James
Stewart Real Estate	
Stockdale & Leggo Bundoora Pty Ltd	Boffa, Paul
Stockdale & Leggo Caulfield Pty Ltd	Lorkin, Margaret
Stockdale & Leggo Ringwood Pty Ltd	Jenkins, L
Stocker Preston	Chambers, Natalie

Submissions provided by organisation/industry associations	
Strata Community Australia	Lever, Mark
Strata West Pty Ltd	Bright, Richard
Sullivan Livestock & Rural Services	
TAFE NSW	Richardson, Robert
The Law Society of New South Wales	Dowd, Justin
The One Business Brokers	
The Property Management Doctor	Jenkins, Rachael
Thomas De Garis & Clarkson Stock and Station Agent Pty Ltd	
Thompson Electrical	
Tony Cant Real Estate Maitland	Hogan, Peter
TopX Australia Pty Ltd	Close, Cyril
TopX Australia Pty Ltd	Warren, Carl
Trangie Livestock & Property	MacDougall, Scott
Unique Training Providers	Cohen, Ian
Unique Training Providers	Keeley, Linda
Victorian Pharmacy Brokers Pty Ltd	Meehan, Paul
Victorian Plumbers United	
VIEW Real Estate Tasmania	Woodland, Alan
Vision Real Estate	
Visit The Entrance	Koen, Simone
W.B. Simpson & Son Real Estate	Simpson, Richard
W.D. Coghlan	Heffer, Barry
Wardle Co Real Estate Pty Ltd	Stringer, Martin
Waterdale Property Agents	Gibson Swalwell, Sue
Webb Bros Property & Livestock	Ryan, Greg
Webster Nolan Real Estate	Nolan, David
West Coast Property Training	
Western Plains Real Estate	Chapman, Anthony
Williams Stock and Property	Williams, R
Wilson Glen Eira	Guest, Adam
Wodonga TAFE	Moore, Janet
Wyndham Lakes Real Estate	Perry, Scott
X2 Apartments	Noonan, Jim & Pam
Youngs & Co Pty Ltd	Young, Les
Submissions provided by individuals	
Allen, Bruce	Ludeman, Lorraine
Anderson, Robert	Lyall, William
Armstrong, Ian	Mac, Kevin
Barnier, Glenn	Madigan, Andrew
Beaton, Susanne	Mangelakis, Michael
Boffa, Paul	Mason, Ian
Boles, Colin James	Mass, Nick
Bourke, Elaine	Maxwell, Peter Raymond
Boyle, T	McMahon, David J
Butler, Gavin	McMillian, Rob
Butler, Kathy	McNally, Tim

Submissions provided by organisation/industry associations

Cantwell, Susie	Mitchell, J
Coghlan, John	Mitchell, Tim
Colwell, Gavin R	Monaghan, Terrence R
Combatti, Gus	Nicklisch, Jurgen
Costello, Greg	Northey, Kevin
Crawford, Allen	O'Donnell, Tim
Cross, Steven	O'Hanlon, Sean
Crump, Damien	Orr, Murray
Davies, Julian	Overall, Denis
Deegan, Paul	Pearce, Heather
Dooley, Paul	Pell, Meg
Douglas, James	Petrie, Scott
Downes, Derek	Petrie, Trevor
Duda, Bob	Phoenix, Michael
Evans, Bruce	Prasetyo, Andri
Falconer, Boyd	Pressley, Simon
Fallon, Gavan	Prosser, Keith
Falzon, Marie	Pyers, Graham
Finch, Shane	Redden, Peter
Friend, David	Riggio, Phil
Garrett, Liz	Riley, Carol
Garrick, Peter	Robeson, Lindsay
Glindon, Theraza	Ryan, Kathryn
Gordon, Peter J	Sandles, Paul
Habel, Christine	Savage, Katalin
Hardy, Geoff	Sid, Stan
Hayward, Mark	Simpson, Darrell
Higgins, Phil	Smith, Trevor
Honner, Amelia	Spalding, Kerry
Hooker, Roy	Spark, Howard
Hutchinson, Richard	Stamp, Valerie
Irvine, Daniel	Taylor, Kylie
Jennings, David	Trendall, Ed
Jones, Adrian	Trotter, William
Jones, Stephen	Trpchev, Linda
Keating, John	Tyrer, Melodie
Kemp, Margaret	Varas, Ilias
Keppel, Joseph	Ward, Belinda
Knee, Alyssa	Watson, Liz
Leedham, Geoffrey	Watson, Peter
Leitzel, John	Watts, Geoff
Licciardello-Dunne, Grace	Whipps, Brendan
Lobban, Bruce	Williams, Kim
Lock, Brian	Yang, Weisen
Lucas, Glen	Zimble, Michael

Attachment D – Overview of existing licensing arrangements

Property occupations such as real estate, stock and station, and business agents are licensed in some way in all Australian states and territories. The majority of the regulators are government departments. In Victoria and the Northern Territory, occupational licensing is undertaken by a separate authority or board.

Table D.1: Jurisdictional regulators of the property occupations

State or territory	Regulator
New South Wales	NSW Fair Trading (Department of Finance and Services)
Victoria	Business Licensing Authority
Queensland	Fair Trading (Department of Justice and Attorney-General)
Western Australia	Department of Commerce
South Australia	Consumer and Business Services Division of the Attorney-General's Department
Tasmania	Office of Consumer Affairs and Fair Trading; Property Agents Board
Australian Capital Territory	Office of Regulatory Services
Northern Territory	Department of Business; Gambling and Licensing Services

Source: Provided by the regulatory authorities.

Overview of current licensing and eligibility requirements

Property agents are licensed to perform a variety of functions including buying, selling, renting and auctioning of real property. Some jurisdictions also define separate licences based on the nature of the property assets being transferred. For example, New South Wales has distinct licences for real estate agents, stock and station agents, strata managing agents and business agents, whereas in Victoria an estate agent's licence covers a broad scope of work that includes business agency work and auctioning of real property.

All jurisdictions make a distinction between those who are licensed to supervise property dealings and those who must be supervised. Attachment A contains a concise overview of current licensing arrangements.

Most regulators have access to the interest earned on money held in trust by property agents. These funds can be accessed to fund some regulatory activities and in most jurisdictions support a fidelity fund that may be accessed if there is a failure to account for moneys held in trust by an agent.

Current licensing of property work may be characterised as covering six main areas, which are outlined below.

Real estate agent

Real estate agents are currently licensed in all jurisdictions. There is general consistency in the core functions described in the scope of work for the various property agent licence categories across

jurisdictions. For example, all jurisdictions provide for the core functions of a real estate agent as acting (including negotiating) on behalf of another for reward in transactions relating to the sale, purchase, exchange, or leasing of real property (both residential and non-residential).

Victoria and South Australia take a broad licensing approach and issue a single licence to cover sale, auctioning of real property, leasing and management of residential, non-residential and rural property and businesses. Queensland and Tasmania include business agency work in the scope of a real estate agent.

New South Wales has a separate stock and station licence category for rural land, residential sales and the sale of livestock. Queensland also has a separate licence category relating to rural property called a pastoral house licence. The regulated work for Queensland pastoral house licence includes the sale of rural land and livestock, and auctioning of rural land, livestock, and, wool. It also authorises 4 annual non-rural land auctions, and the auctioning of plant, machinery, furniture and other items location on rural land. However, unlike New South Wales, in Queensland real estate agents are also able to sell, lease, or manage rural property and sell livestock.

The qualification requirement for real estate agents varies across the jurisdictions as follows:

- Western Australia, South Australia, Tasmania and the Northern Territory require a diploma level.
- New South Wales, Victoria require a Certificate IV.
- Queensland requires the completion of 19 units of competency.
- The Australian Capital Territory requires completion of 18 units of competency taken from both qualification levels.

Business agent

Business agency work is licensed in two different ways across the jurisdictions, either as a separate category (New South Wales, Western Australia, the Australian Capital Territory and the Northern Territory) or captured under a real estate agent's licence (Victoria, Queensland, South Australia and Tasmania). Where business licences are issued separately, the qualification requirement can be either a Certificate IV (New South Wales and the Australian Capital Territory) or a diploma (Western Australia and Tasmania). In the jurisdictions where business agency work is encompassed in that of a real estate agent, a real estate agent's qualification is required, except for South Australia where the completion of a specialised business agent unit of competency (CPPDSM4079A – Work in the business broking sector) is required.

Strata managing agent

Strata managers are currently licensed in different ways in the following four jurisdictions: New South Wales issues a separate licence, Victoria operates a registration system and in the Australian Capital Territory this work can be undertaken by a real estate agent or with a restricted licence. In the Northern Territory this work is undertaken by a real estate agent. Queensland, Western Australia, South Australia and Tasmania do not currently license strata managers and will not be required to do so under national licensing. The qualification requirement is very different in the jurisdictions that license or register strata managing work:

- In New South Wales, a certificate IV is required.
- In Victoria, a qualification is not required.
- In the Australian Capital Territory a qualification is not required if only undertaking strata managing work.

- In the Northern Territory a diploma is required

Property management

New South Wales and Tasmania issue a licence or registration respectively for property managers. In the other jurisdictions this work is included in the regulated work of a real estate agent or an agent's representative.

The qualification requirement in the jurisdictions that issue a separate licence is as follows:

- ten specified units of competency in New South Wales
- a diploma is required in Tasmania.

Agent or sales representative

An agent's representative or sales representative is an employee of a licensed estate agent or a business agent (where licensed separately) who can perform most of the regulated work of the employer but must do so under supervision. The current scope of work for an agent's (sales) representative in Western Australia and South Australia is broader than in other jurisdictions. For example, the drafting of contracts is within scope of the licence in South Australia.⁹⁸ Conversely, South Australia includes non-residential property management within the scope of work of an agent's (sales) representative, however residential property management is not included. Those performing residential property management work must be employed by a licensed land agent. A land agent is authorised to perform both residential and commercial property management.

Most jurisdictions currently have a registration scheme for the employee level, which requires an applicant to meet a range of eligibility criteria usually including personal probity (verified by a police check) and qualification requirements, except Tasmania where a negative licensing system operates, i.e. if an agent's representative is found guilty of a disciplinary offence they are listed on a register. In Victoria, the onus for registration falls on the employer rather than the employee and no licence fee is paid to the regulatory authority.

All jurisdictions require employees to have some level of training. However, the requirements differ significantly, as follows:

- New South Wales – four specified units of competency
- Victoria – three specified units of competency
- Queensland – seven units of competency
- Western Australia – seven specified units of competency
- South Australia – 17 specified units of competency
- Northern Territory – Certificate IV for business agent's representatives, and 24 specified units of competency for a real estate agent's representative
- Australian Capital Territory – five specified units of competency.

Auctioning of real property

Currently all jurisdictions license auctioneers of real property, albeit in different ways.

- In New South Wales, Victoria and the Australian Capital Territory auctioneers are also real estate agents

⁹⁸ A provision in the *Legal Practitioners Act (SA) 1981* recognises the skills and training of sales representatives to allow this work

- In South Australia an auctioneer is either a land agent or a sales representative
- In Tasmania if the property auctioned includes land a real estate agent's licence is required.

The auctioneer in the above jurisdictions has full responsibility for an auction through the real estate agent's or land agent's scope of regulated work.

- A separate licence is issued in Queensland, Western Australia and the Northern Territory without a prerequisite of being a real estate agent, and the auctioneer is authorised to auction all property, including chattels and livestock.
- Also, in Queensland a pastoral house licence authorises the auctioning of rural land and a small number of non-rural land auctions per year, in addition to the sale of rural land.

Auctioning of livestock

The auctioning of livestock currently falls within the scope of regulated work of an auctioneer in all jurisdictions except Victoria, South Australia and the Australian Capital Territory where this work is unlicensed.

The way in which the licensing arrangements are structured varies across jurisdictions:

- New South Wales: there is no separate stock auctioneer licence category but an endorsement placed on a stock and station agents licence.
- Queensland, Western Australia and the Northern Territory: an auctioneer's licence authorises the holder to auction any property including livestock.
- Tasmania: a general auctioneering licence is required to auction any property that does not include land (real property). If the property auctioned includes both real and personal property, a real estate agent's licence is required.
- Victoria, South Australia and the Australian Capital Territory do not require a licence to auction livestock.

Current licence categories

Currently the licensing of property occupations work may be characterised as fitting into nine main areas:

- real estate agent
- business agent
- strata managing agent
- stock and station agent
- buyers agent
- property managing agent
- agent's representative
- business agent's representative
- auctioneer (real property and stock).

Table D.2 illustrates which of these areas are covered by the various jurisdictional regulatory arrangements, and this is denoted by the shaded cells. The nomenclature of the licences issued differs across jurisdictions and may not necessarily be the same as the licence listed in the first column. For example, real estate agents are called 'land agents' in South Australia and 'estate agents' in Victoria. Agent's representatives are called 'sales representatives' in South Australia and Western Australia.

Table D.2: Property occupations licensing arrangements by jurisdiction (shaded area denotes licensing)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Real estate agent								
Business agent		b	b		b	b		
Strata managing agent		f				k	b	b
Stock and station agent								
Pastoral house agent			l					
Buyer's agent		b	b	b	b		b	b
Property managing agent		b and i	b	b	b and j			b
Auctioneer (real property)	a	b	d	d	e	c and d	b	d
Auctioneer (stock)	a		d	d		d		d
Agent's representative		g			j			
Business agent's representative		h	h	h	h			
Strata managing agent representative								

a No separate auctioneer licence category, but an endorsement is placed on a real estate agent's or stock and station agent's licence for competent persons.

b Not a separate licence category but forms part of the scope of work of a real estate agent or stock and station agent.

c Included in the scope of work of a real estate agent and can issue a separate registration for a general auctioneer.

d Auctioneer's licence captures the auction of both real and personal property, including livestock and separate licences categories are not issued. (Auctioneers in WA are licensed in the Magistrates Court.)

e An auctioneer must also be licensed as an agent or sales representative in order to obtain an auctioneer's licence.

f A registration scheme with no qualification requirement.

g Assessment of eligibility and recording of details of the public register is delegated to the employing agent.

h Not a separate licence category but forms part of the scope of work of an agent's representative.

i Victoria – Restricted to collecting rent.

j Sales representatives are required to be licensed (as a sales representative) only if they are performing commercial property management work (and must work for a licensed land agent). Those performing residential property management work do not currently require a sales representative licence, but they must still work for a licensed land agent. A single registration is issued for sales representatives to act as either a real estate sales representative or a business sales representative or both a real estate sales representative and a business sales representative.

k Tasmania operates a negative licensing scheme.

l Pastoral house licence also authorises the auctioning of livestock

Attachment E – National licensing policy development process

Under the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement) signed by states and territories in April 2009, the COAG National Licensing Steering Committee (the Steering Committee) was given responsibility to oversee the implementation of national licensing in the interim period before the establishment of the National Occupational Licensing Authority (NOLA). Membership of the Steering Committee comprises central agency representatives from each jurisdiction. It reports on progress to the Business, Regulation and Competition Working Group (now the Business Advisory Forum Taskforce, following the cessation of BRCWG on 31 December 2012).

The Standing Council on Federal Financial Relations (SCFFR) has overall responsibility for this reform.

In considering policy issues, the Steering Committee and its advisory mechanisms are bound by the objectives and principles in the Intergovernmental Agreement, including a requirement to comply with COAG's principles of best practice regulation. These principles include a requirement to establish a case for action; to consider and cost a range of responses, including non-regulatory approaches; and to ensure that the response selected provides the greatest net benefit to the community as a whole. Key stakeholders must be consulted and government action must be 'effective and proportional' to the issue being addressed.

The Steering Committee's primary source of advice for occupational regulations has been the Interim Advisory Committee (IAC) established for each of the occupational areas. Each advisory committee has an associated Regulator Working Group (RWG).

Members of the IAC represent a balance of expertise relevant to an occupational area across the fields of regulation, industry operations and practices (from both a union and employer perspective), safety, consumer advocacy, insurance (where relevant) and training. Each RWG is comprised of regulator members from the relevant jurisdiction.

The IAC has developed policy advice over a period of 18 months. The majority of the advice provided was incorporated into the Steering Committee policy advice for the drafting of the *Occupational Licensing National Law Amendment Bill* and regulations and is considered in this Decision RIS for the property occupations.

Government representatives from all jurisdictions provided policy advice and are contributing to the drafting instructions for the Amendment Bill and the associated regulations, including representatives from Western Australia and the Australian Capital Territory, which have not yet passed the National Law. The impact analysis and cost-benefit calculations take into account the current regulatory arrangements in all jurisdictions.

Membership of the Property Occupations IAC, Property Occupations RWG and the Steering Committee is provided below.

The IAC and the RWG met throughout 2010 and early 2011 to assist with the development of the following elements of licensing policy for the national licensing system:

- licence categories, licence types and prescribed scopes of work
- eligibility requirements (skilled and non-skilled)
- other licence characteristics (exemptions, conditions, restrictions and endorsements)
- transitional arrangements.

The objectives used in developing the licensing policy are taken from section 3 of the *Occupational Licensing National Law Act 2010*, as set out below:

The objectives of the national licensing system are as follows –

- (a) to ensure that licences issued by the Licensing Authority allow licensees to operate in all participating jurisdictions;*
- (b) to ensure that licensing arrangements are effective and proportionate to ensure consumer protection and worker and public health and safety while ensuring economic efficiency and equity of access;*
- (c) to facilitate a consistent skill and knowledge base for licensed occupations;*
- (d) to ensure effective coordination exists between the Licensing Authority and jurisdictional regulators*
- (e) to promote national consistency in—*
 - (i) licensing structures and policy across comparable occupations; and*
 - (ii) regulation affecting the requirements relating to the conduct of licensees; and*
 - (iii) the approach to disciplinary arrangements for licensees;*
- (f) to provide flexibility to deal with issues specific to particular jurisdictions or occupations;*
- (g) to provide the public with access to information about licensees.*

The policy development process, in addition to complying with COAG's *Principles of best practice regulation*, followed the principles set out in the Intergovernmental Agreement, which forms the basis for establishing national licensing:

- The system operates in a transparent, accountable, efficient, effective and fair manner.
- Regulatory intervention in the form of licensing is only contemplated where risks arising from market failure or risks to public health and safety warrant corrective action and, of all feasible options, licensing provides the greatest net public benefit.
- Licensing arrangements do not duplicate legislative protections contained under other laws, in particular, competition law, consumer protection law or occupational health and safety law.
- Licensing arrangements only include requirements needed to address identified consumer protection risks arising from market failure and/or worker and public health and safety risks without imposing unnecessary costs on consumers and business or substantially lessening competition.
- Licensing eligibility requirements are expressed in objective not subjective terms.
- The system will not require the extension of licensing to sub-groups of a broad occupational group that are not currently licensed in particular jurisdictions.
- Licensing arrangements are subject to an initial review five years after commencement and subsequently at a frequency no less than every ten years.

As part of the communication strategy, following each meeting, communiqués outlining the progress of work were made available on the [national licensing website](http://www.nola.gov.au) at www.nola.gov.au.

Table E.1: Membership of the Property Occupations Interim Advisory Committee

Member	Organisation
Mr David O'Connor	Chair
Mr John Furbank	Consumers' Federation of Australia
Mr Andy Madigan	Australian Livestock and Property Agents Association
Mr Mark Lever	National Community Titles Institute
Mr Daniel Molloy/ Ms Anna McMaster	Real Estate Institute of Australia
Mr Jock Kreitals	Real Estate Institute of Australia
Ms Sarah Gray	Real Estate Institute of Australia
Mr Milton Cockburn	Shopping Centre Council of Australia
Ms Barbara El-Gamal	Department of Services, Technology and Administration, New South Wales
Ms Christine Nigro	Consumer Affairs Victoria, Department of Justice, Victoria
Mr Gary Newcombe	Department of Commerce, Western Australia
Mr David Magee	Construction and Property Services Industry Skills Council

Table E.2: Membership of the Property Occupations Regulator Working Group

Jurisdiction	Member	Organisation
	Mr David O'Connor	Chair
NSW	Ms Barbara El-Gamal	Department of Services, Technology and Administration
Vic	Ms Christine Nigro	Consumer Affairs Victoria, Department of Justice
QLD	Mr Danny Low	Office of Regulatory Policy, Department of Justice and Attorney-General
WA	Mr Gary Newcombe Alt: Mr Andrew Lee	Department of Commerce
SA	Ms Jenna Phillips-Wilkinson Ms Sue Rudall Mr Ian Johnston	Consumer and Business Affairs Division of the Attorney-General's Department
Tas	Ms Alicia Hutton	Property Agents Board
ACT	Mr Peter Quinton	ACT Directorate of Justice and Community Safety
NT	Ms Carolyn Parsell	Department of Business
NZ	Ms Melinda Geary	Ministry of Justice (observer)
	Mr Mark Jones	Land Information (observer)

Table E.3: Membership of the Council of Australian Governments National Licensing Steering Committee

	Member	Organisation
Commonwealth	Mr Robert Griew (Chair)	Department of Industry, Innovation, Science, Research and Tertiary Education
NSW – joint	Dr Meg Montgomery	Department of Premier and Cabinet
	Mr Scott Wheeler	Department of New South Wales Treasury
Vic	Mr Anthony Rossiter	Department of Treasury and Finance
Qld	Ms Katrina Martin	Queensland Treasury and Trade
WA	Mr Nigel Parkes	Department of Treasury
SA	Mr Peter Maynard	Department of the Premier and Cabinet
Tas	Ms Kerrie Crowder	Department of Justice
ACT	Mr Brett Wilesmith	Treasury Directorate
NT – joint	Mr Ian Prince	Department of Business

Table E.4: Membership of the National Occupational Licensing Authority Board

Chair
Ms Elizabeth Crouch
Board members
Mrs Wendy Machin
Mr Graham Anderson
Mr Albert Koenig
Mr John Sutton
Ms Miranda Douglas-Crane
Mr Tony Arnel
Mr David Ford

Attachment F – Risks associated with property occupations

The work of a property agent involves transactions relating to the sale, purchase, exchange, or leasing of real property. Large sums of money can often be exchanged or held in trust. Identified risks associated with this work include: the misappropriation of monies held in trust, acceptable appraisals of property and the timely completion of sale or contracts. The current regulation of the property occupations in Australia has evolved as a way of protecting consumers of property agent services and mitigating the potential risks consumers face in entering into an agency relationship.

Any agency relationship involves trust because the consumer engages a person to act on their behalf. Delegation of responsibility is involved. There is a risk that an agent will act in their own interest to the detriment of the property owner.⁹⁹

This is particularly the case in relation to the misappropriation of funds held in trust. These risks are addressed in Australia in a number of ways. For example, property (real estate) agents are required to be licensed and conform to trust accounting regulation. Fidelity insurance is provided to compensate consumers who are the victims of misappropriation of trust money.

Members of the Property Occupations Regulator Working Group (RWG) provided data on the approximate size of trust funds at risk, the monetary total for claims and the number of claims in jurisdictions, as shown in tables F.1 and F.2 respectively.

Table F.1: Approximate size of trust accounts in jurisdictions

NSW	Vic	Qld	WA	SA	Tas	ACT	NT
\$1.47 billion	\$1.25 billion ^a	\$775.7 million ^a	\$409,616,369 (total July 2011 – April 2012) \$40,961,639 ^b	Data not available	\$50 million	Data not available	Data not available

^a Average daily balance of monies held in trust accounts by jurisdiction.

^b Average total balance at the end of the month for period July 2011 – April 2012 (Western Australia).

Table F.2: Total monetary claims (and total number of claims) between 2004–05 and 2010–11

	NSW	Vic ^a	Qld	WA ^c	SA ^b	Tas	ACT	NT
2004–05	\$666,582 (193)	\$834,454 (123)	\$385,836 (14)		\$6,191,000 (480)	Nil	Data not available	Nil
2005–06	\$958,262 (151)	\$87,993 (19)	\$455,211 (19)		\$5,593,000 (550)	Nil	Data not available	Nil
2006–07	\$517,183 (155)	\$163,155 (16)	\$368,603 (15)		\$250,000 (46)	Nil	Data not available	Nil
2007–08	\$842,316 (282)	\$68,342 (6)	\$2,927,587 (80)		\$75,000 (1)	Nil	Data not available	Nil
2008–09	\$2,758,945 (787)	\$640,377 (7)	\$1,420,464 (125)	1998/99–2008/09 period	\$44,000 (1)	Nil		Nil

⁹⁹ NSW Office of Fair Trading 2008, *Statutory review of the Property Stock and Business Agents Act 2002*, 'Chapter 3: Market failure and the objectives of the legislation'.

	NSW	Vic ^a	Qld	WA ^c	SA ^b	Tas	ACT	NT
				\$5,628,406				
2009–10		\$120,784 (2)		30/06/2010 48 claims outstanding with a value of \$4,681,000. 30/06/2010 \$97,392 expended from fidelity account. 65 claims completed ¹⁰⁰ (Nil			
2010–11		\$2,832,734 (25)		30/06/2011 77 claims outstanding with a value of \$6,336,768. 30/06/2011 \$268,919 expended from fidelity account. 9 claims completed ¹⁰¹	Nil			
Current year to date	\$332,982 (63)	\$446,204 (37)	\$426,034 (71)	Interim YTD as at 28/05/2012 65 outstanding claims with a value of \$4,346,098.55 (majority of claims relate to several failed property development ventures associated with two real estate agents) Settled 3 claims at a value of \$82,080 to date.	Nil	Nil		Nil

^a Victorian claims from 2004–05 to 2007–08 related to estate agents only. Claims from 2008–09 relate to estate agents and conveyancers.

^b South Australia claims for 2004–05, 2005–06 and 2006–07 are predominantly related to a failed property development venture. The claims relate to a conveyancer's trust account rather than a real estate agent's trust account.

^c Western Australia provided a total figure for period 1998/99–2008/09 which is \$5,628,406.

The National Competition Policy review of property agent legislation in New South Wales found that the main reasons for licensing the activities of property agents were:

- Consumers engage in property and business sales and purchases, and other property transactions, relatively infrequently and therefore generally have limited knowledge of the market.

¹⁰⁰ As reported in the **WA Department of Commerce Annual Report**

¹⁰¹ Ibid

- These transactions involve a large proportion of an individual’s total wealth and are probably the most expensive transactions people undertake in their lives.
- Large amounts of money are held in trust by agents.¹⁰²

Similarly, the National Competition review of the regulation of estate agents in Victoria found that:

“[i]n the real estate agent industry there are risks of financial loss associated with the misappropriation of funds held in trust. Estate agents are in a position of considerable trust and the main areas of risk include:

- *agents hold the deposits on transactions, which are significant sums of money given the relative size and importance of most transactions – be they residential or non-residential property;*
- *agents collect rents on behalf of landlords; and*
- *agents are also in a position of considerable trust with residential tenants, holding keys to premises and a significant amount of information regarding that person’s employment, income and previous residences.”*¹⁰³

The New South Wales statutory review of the *Property, Stock and Business Agents Act 2002* found that:

*“funds notionally at risk are estimated at around \$1.089 billion. This figure is based on the amount of money paid into the Property Services Statutory Interest Account. In 2006/7, the total received was \$39.22 million. Annual payments from the statutory Compensation Fund for failure to account between 2003 and 2007 range from around \$362,000 to \$1,024,000.”*¹⁰⁴

In a property transaction, the consumer faces risks such as not finding a buyer or tenant, failure to maximise the true value of the property and loss of deposit or rental income. The engagement of an agent can assist in managing some of those risks but can also generate further risks. One such risk is associated with the safety of moneys held in trust is mentioned above. Other risks include incompetence, unethical or dishonest behaviour, poor quality of service, misrepresentation and business failure.

In addition, it is noted that in some jurisdictions (Western Australia and Tasmania), consumers face an additional level of risk where the fidelity funds are ‘funds of last resort’ requiring the consumer to take action against the agent or insurance in the first instance before accessing fidelity funds.

When the New South Wales Government undertook a National Competition Policy review in 1998, it was found that the most common complaints received by the Department of Fair Trading involved:

- mishandling of trust moneys (10.87 per cent)
- property mismanagement (10.78 per cent)
- unethical activity (8.94 per cent)
- failure to account for moneys (7.62 per cent)
- misrepresentations in advertising or statements (6.92 per cent)

¹⁰² Ibid.

¹⁰³ Government of Victoria 2000, National Competition Policy Review of Victorian Legislation relating to the regulation of Estate Agents, Department of Justice, Melbourne.

¹⁰⁴ NSW Office of Fair Trading 2008b, Report: Statutory review of the Property Stock and Business Agents Act 2002, Department of Commerce, Sydney.

- mishandling of a sale (6.4 per cent).¹⁰⁵

The 2008 statutory review of the *Property, Stock and Business Agents Act 2002 (NSW)* indicated that the most common complaints about property agents for the 2003–07 period related to:

- unsatisfactory performance of service
- misleading and deceptive behaviour
- failure to account for money held in trust
- unlicensed trading
- refunds
- general compliance with legislation
- general complaints about rights and responsibilities
- repairs and maintenance.¹⁰⁶

In order to create a fuller picture, additional complaint data has been provided by some jurisdictions via RWG.

In Victoria, data on complaints received with respect to estate agent practices during 2008–09 can be categorised as follows:

- prices and charges (32 per cent)
- trust money (27 per cent)
- misleading and deceptive conduct (17 per cent)
- contracts and unfair terms (5 per cent)
- harsh and unconscionable conduct (2 per cent)
- unlicensed trading (1 per cent)
- marketing (1 per cent)
- conflict of interest (1 per cent)
- other conduct (12 per cent).

In Western Australia, the largest number of complaints received is in relation to stolen or missing property management moneys, which include rents and bonds. Other instances include stealing of deposits for purchases.

Information about the nature of significant compliance action indicates that most noteworthy action was taken in relation to irregularities relating to the handling of trust moneys or trust account deficiencies.¹⁰⁷

RWG members provided data on the approximate cost of administering funds, handling claims and appropriate compliance action in their jurisdictions, as shown in Table F.3.

¹⁰⁵ Review of the Property Stock and Business Agents Act 2002 (NSW), 'Attachment B: Year in Review Extracts'.

¹⁰⁶ Ibid

¹⁰⁷ Ibid

Table F.3: Cost of handling and administering claims in jurisdictions per year

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT ^a
Administering funds		\$1 million	\$385,000	\$30,000	\$276,000 (2008–09)	\$30,000		
Handling claims	\$120,964	\$100,000	\$1.008 million			Nil		
Compliance		\$2.3 million	\$500,000	\$155,000 investigations		\$30,000		

^a The Northern Territory based its calculations on staffing arrangements – three positions currently funded at \$344,000 per annum.

The nature of the risk may vary according to the particular property agent sector. For example, the nature of risk to money held in trust by a real estate agent may differ to that of an agent managing body corporate (or owners' corporation) funds. Large professionally managed bodies corporate are likely to hold larger amounts of money in trust accounts, resulting in the risk of substantial loss to body corporate funds. Submissions to the Victorian Body Corporate Review 2006 identified the following risks to body corporate funds:

- No standards of financial record keeping and reporting by people operating body corporate accounts.
- No enforceable requirements as to where body corporate funds are kept. For example, possible investment with high returns and possible risk of loss of funds.
- Persons in control of body corporate funds applying those funds for their own personal use.
- Persons in control of body corporate funds retaining interest off the accounts and not accounting to the body corporate for the amount of interest received or used.
- Managers using the funds of one body corporate to finance another building or body corporate.
- Inability of bodies corporate to meet repairs and maintenance of expensive items such as air-conditioning and lifts.¹⁰⁸

An aspect of agency work where risks have been highlighted over the past ten years is that of residential property auction sales. Residential auction sales represent approximately 40 per cent of sales in some of the larger cities such as Sydney and Melbourne and are more prevalent in inner-city and wealthier suburbs. Complaints about behaviour such as dummy bidding and auctioneers inventing non-existent bids have been received by regulators and reported in the media:

*'These practices ... aim to create more interest than actually exists, thereby putting more pressure on genuine buyers to increase their bids.'*¹⁰⁹

In contrast to other property agents, there does not appear to be a significant risk for a consumer entering into an agency agreement with a livestock agent. Most purchasers and vendors of livestock do this a regular basis and accordingly would have considerable expertise in the process. To ensure the health and welfare of stock and protect the consumer, a range of state and Commonwealth

¹⁰⁸ Consumer Affairs Victoria 2006, *Final report of the Body Corporate Review – A review of effectiveness and efficiency of the Subdivision Act 1988 and Subdivision (Body Corporate) Regulations 2001 as they relate to the operation of bodies corporate.*

¹⁰⁹ NSW Office of Fair Trading 2003, *Regulatory Impact Statement: Property, Stock and Business Agents Regulation 2003.*

regulations and codes of practice apply. For example, the legislation covering the regulation of stock in New South Wales includes:

- *Stock Diseases Act 1923* and Stock Diseases Regulation 2009
- *Rural Lands Protection Act 1998* and Rural Lands Protection (General) Regulation 2001
- *Prevention of Cruelty to Animals Act 1979* and *Prevention of Cruelty to Animals (General) Regulation 2006*
- National Livestock Identification Scheme
- Livestock Product Assurance
- Primary Industries Codes of Practice.

The sale of livestock does not appear to place the purchaser's money at risk in the same way as the sale of real property. An arrangement that is used in some jurisdictions for the transfer of moneys for livestock sale is a 'del credere' arrangement. Under a 'del credere' arrangement, a livestock agent accepts an appointment on the basis that they guarantee to pay the sale's proceeds to the seller, regardless of whether or not the buyer pays the proceeds. Accordingly, the agent does not always hold moneys in trust as in other types of property transactions.

Attachment G – Approach to the impact analysis

This attachment outlines the methods used to estimate the impacts in the cost–benefit analysis and the computable general equilibrium (CGE) analysis.

It includes:

- an explanation of the approach taken to the analysis, including the method and the specific calculations behind the analysis
- a detailed list of all of the inputs and assumptions underlying the analysis.

Calculations used in the cost–benefit analysis

The impact analysis in this Decision RIS has been developed on the basis of available information on the potential costs and benefits of the options assessed. This section provides a detailed explanation of how the estimates in the cost–benefit analysis were calculated. The underlying data that was used in these calculations is provided in later in in this chapter.

The status quo

The status quo provides a base case against which options under assessment can be compared. The status quo option represents what would occur in the absence of any specific action by governments to address the problems.

For this Decision RIS, the status quo is the continuation of the current system of licensing by state and territory regulators. The current system includes mutual recognition, whereby individuals are licensed at the state and territory level, but are able to seek mutual recognition of their licence if they move to another jurisdiction to work (or work across multiple jurisdictions).

The impact of the status quo position

For this analysis, the impacts of the status quo are essentially the costs associated with the continuation of the current arrangements. The linkage between the status quo costs and problem analysis makes intuitive sense as the status quo assumes that no specific action is taken by governments to address problems with current arrangements, and therefore the costs of maintaining the status quo are those associated with the problem.

To summarise, the key impacts of the status quo are:

- Direct costs to holders of multiple licences if they wish to work in more than one jurisdiction.
- Direct costs to licence holders of current regulatory requirements which are not necessary to meet the regulatory objective.
- Costs associated with complex administrative systems within some jurisdictions and duplicated administrative arrangements for licensing across eight jurisdictions.
- Broader impacts across the economy where perceived barriers to the movement of skilled workers and to the operation of business would remain.

Calculating the present value of yearly impacts

The costs and benefits in this Decision RIS have been calculated on a yearly basis. The impact in each individual year has then been discounted and brought together to calculate an overall present value for each cost and benefit. Despite the fact that impacts are typically incurred on a continuous basis throughout the year, for the purpose of this analysis it is assumed that all impacts are incurred at the

end of the relevant financial year (for example, for impacts incurred in 2012–13, it is assumed that they are fully incurred by 30 June 2013 and are therefore discounted back to 1 July 2012).

The impacts have been calculated on a yearly basis because the impact may vary from one year to the next (i.e. due to industry growth or transition versus ongoing impacts).

As the underlying data used in calculating the impacts varies across jurisdictions, the impacts have been calculated at a state and territory level. The national impact is then the sum of each of the jurisdictional impacts. Note that due to rounding, the value generated from the calculations in this appendix may not be exactly equal to the numbers quoted in this report.

Number of licence holders affected by national licensing

The impacts in the analysis have been calculated based on the number of licence holders, not the number of licences. For that reason, many of the calculations in this chapter refer to the number of licensees.

Where the number of licensees was not available, the number of licensees is based on the number of licences (see ‘inputs and assumptions’ underlying the analyses below for further details).

Net industry growth factor for employment

In the cost–benefit analysis, it is assumed that the number of licensees within the sector in question will change over time, consistent with overall changes in the size of the sector. Within the estimates, a net industry growth rate has been applied to all relevant calculations. To apply this growth rate on a compound basis, a factor has been used. This factor is simply a series of numbers that correspond to each financial year over time. The first ten years of the factors are shown in Table G.1.

Table G.1: Industry growth factor for the first ten years

Year	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Factor	1.0000	1.0173	1.0348	1.0527	1.0709	1.0894	1.1082	1.1274	1.1468	1.1667

Incorporating this factor, as an input, allows a calculation to account for industry growth in licensees over time. The calculation for the value of a factor in any one year (other than the base year, which is equal to 1) is the value of the factor in the previous year multiplied by $(1 + 0.0173)$, as the net industry growth rate for the property industry is assumed to be 1.73 per cent. See the tables in the next section for more details on the assumptions underlying this calculation.

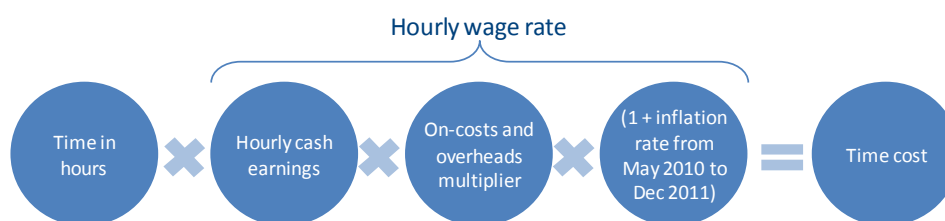
Note that while national licensing would not begin operation until 2013–14, 2011–12 has been used as the base year for the industry growth factor. The licensee numbers assumed for each jurisdiction are based on a range of sources and are not all estimated at the same point in time. Some licensee numbers were provided by jurisdictional regulators as at January – March 2012. Generally, where the number of licensees was not provided, licensee numbers were sourced from a policy development paper which provided data as at June 2009.¹¹⁰ Where data was not available from this paper, data collected by PricewaterhouseCoopers for previous work on national licensing in 2009 has been used. While the number of licensees was estimated at different points in time across different jurisdictions, to be conservative and have a consistent base point, the year 2011–12 has been used as the point from which the industry growth factor has been applied.

¹¹⁰ National Occupational Licensing System 2010, *Property occupations*, Licence Policy Development Paper, Policy Element #1 – Licence Structure and Scope, Table 3b.

Time cost as referred to in the calculations in this chapter

The time cost is used in many of the calculations outlined in this chapter. This time cost represents the dollar value of someone's time based on the number of hours spent and the relevant wage rate. The equation used to calculate the time cost is shown in Figure G.1.

Figure G.1: How time cost is calculated



Calculating the net present value

The equations outlined below provide the calculation for obtaining the yearly impact. For example, if a ten-year net present value (NPV) is calculated, the yearly impact must first be calculated for each of the ten years of operation assumed (i.e. 2013–14 to 2022–23). The NPV is then calculated as at 1 July 2012. Therefore, it is equal to the sum of the yearly impacts discounted back to 1 July 2012.

Calculating the transition and ongoing costs

In addition to presenting impacts as a NPV over ten years, this Decision RIS reports the non-discounted transition costs and annualised yearly ongoing costs. To calculate the transition costs, the yearly impacts are simply summed together without discounting. To calculate the per annum ongoing impact, the yearly impact has been calculated for the ten years of operation (i.e. years 2013–14 to 2022–23) and the average of those ten years has been taken to gain an annualised ongoing impact per annum.

Estimating transition costs to licence holders from a change to national licensing

The equation used to calculate the yearly transition cost is shown in Figure G.2. The transition cost is assumed to occur in the year before national licensing is implemented (in 2012–13). The impact in all other years is \$0. This impact applies to all licensees, including agent's representatives.

Figure G.2: How yearly transition costs are calculated



Transition cost for government of communicating the changes to the industry and consumers

This cost is based on estimates calculated by Victoria in relation to the communications costs that were incurred when it made changes to the property industry in the state. This cost has been applied in full to the larger states, and half of this cost has been assumed to be incurred in smaller jurisdictions.

While the Victorian costs contain some elements that depend on the number of licensees (e.g. letters), in the main they appear to be independent of licence numbers. On that basis, it is assumed

that the larger states would institute a similar spend on marketing, whereas the smaller states would spend less (assumed to be half, on average).

This cost is assumed to be transitional and is only incurred in the year before national licensing is implemented (2012–13). The cost in all other years is assumed to be \$0. The direct cost to government assumed in 2012–13 for each jurisdiction can be found in the tables in section 1.2. No further calculations have been done to adjust these figures.

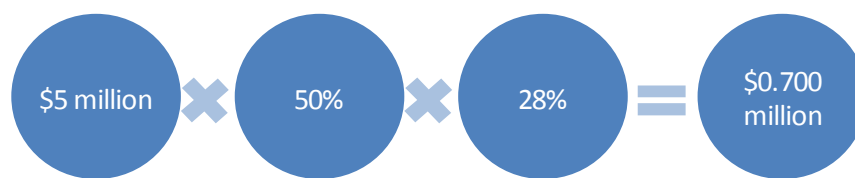
Cost to governments of the transition to a national licensing register

The cost of transitioning to a national licensing register is a one-off cost assumed to occur before national licensing is implemented. The equation used to calculate the cost in 2012–13 is shown in Figure G.3. The impact in all other years is assumed to be \$0.

Figure G.3: How the costs of the national licensing register (NLR) for 2012–13 are calculated



Example: Cost of implementing the National Licensing Register in Queensland in 2013-14



Cost of establishing and operating the National Occupational Licensing Authority

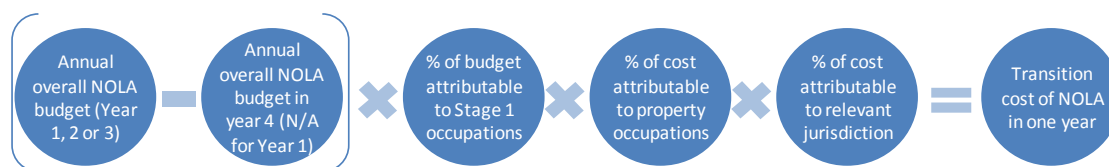
The cost–benefit analysis assumes that there would be costs to government of establishing and operating the National Occupational Licensing Authority (NOLA). NOLA Given that the budget for NOLA is only projected for the first four years of operation, the cost in the fourth year is assumed to represent the ongoing cost in all subsequent years (year five onwards). The cost in the first three years is higher than the ongoing cost due to the incorporation of additional transition costs in the budget. The transition cost incurred during 2011–12 is assumed to be incurred at the end of the period (consistent with the general approach to the timing of impacts) and hence is not discounted. The ongoing costs are assumed to begin in year 2012–13 and continue into the future. The transition costs in 2012–13 and 2013–14 are therefore assumed to be the difference between the budgeted value and the ongoing cost each year. The equations used to calculate the yearly transition and ongoing cost are set out in Figure G.4 and Figure G.5. Note that when calculating the impact in year one (2011–12), the budget in year four is not subtracted because 100 per cent of the budget in 2011–12 is assumed to be a transition cost.

In the calculation of these costs, the overall licensing authority budget has been apportioned to the property occupation on the basis of advice from the COAG National Licensing Taskforce:

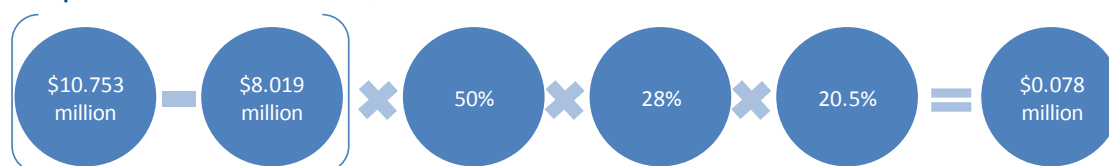
- A percentage of total budget that can be attributed to first-wave occupations (the first four occupations being considered for reform) – this is assumed to be 50 per cent.
- A percentage of total budget that can be attributed to the property occupations specifically (within this first-wave proportion) – 28 per cent of the 50 per cent.

The costs to each jurisdiction are estimated on the basis of agreed budget contributions to NOLA as agreed by the SCFFR¹¹¹. These same proportions have been used to attribute uncommitted funds in the first year of operation (which is included in the first year overall NOLA budget).

Figure G.4: How to calculate the transition cost of the licensing authority (first three years only)



Example: Transition cost of NOLA in Queensland in 2012-13

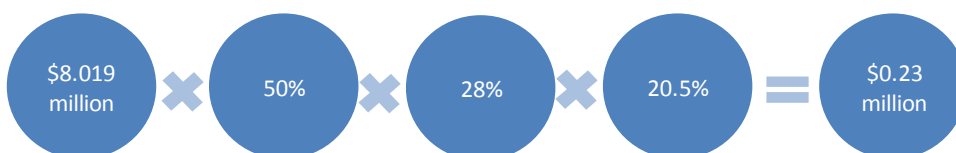


NOLA = National Occupational Licensing Authority

Figure G.5: How to calculate the ongoing cost of the licensing authority



Example: Ongoing cost of NOLA in Queensland in 2013-14



NOLA = National Occupational Licensing Authority

Removing the need to hold multiple licences across jurisdictions

When a licence is no longer needed, it will impact both new licensees (as they will no longer need to gain a licence) and existing licensees (as they will no longer need to renew their existing licence). The equation used to calculate the yearly avoided cost from no longer needing to hold multiple licences in each jurisdiction is shown in Figure G.6. Given that real estate agents and property agent's representatives have different licence fees, the impact is calculated separately for these two licence types.

In terms of the time cost to obtain a mutual recognition licence, South Australia has indicated that it would typically take less time for a licensee to obtain such a licence compared to the time that would be taken if the licensee resided in South Australia. On the other hand, case studies provided by – and discussions with – the COAG National Licensing Taskforce suggest that in some cases the time to obtain a licence under mutual recognition can far exceed the time to obtain a licence for those residing in a given jurisdiction. For that reason, this analysis has assumed that mutual recognition is more arduous in the following ways:

¹¹¹ NOLA costs are based on estimates agreed by SCFFR in April 2012. Further work is underway on establishing a budget for NOLA in the longer term.

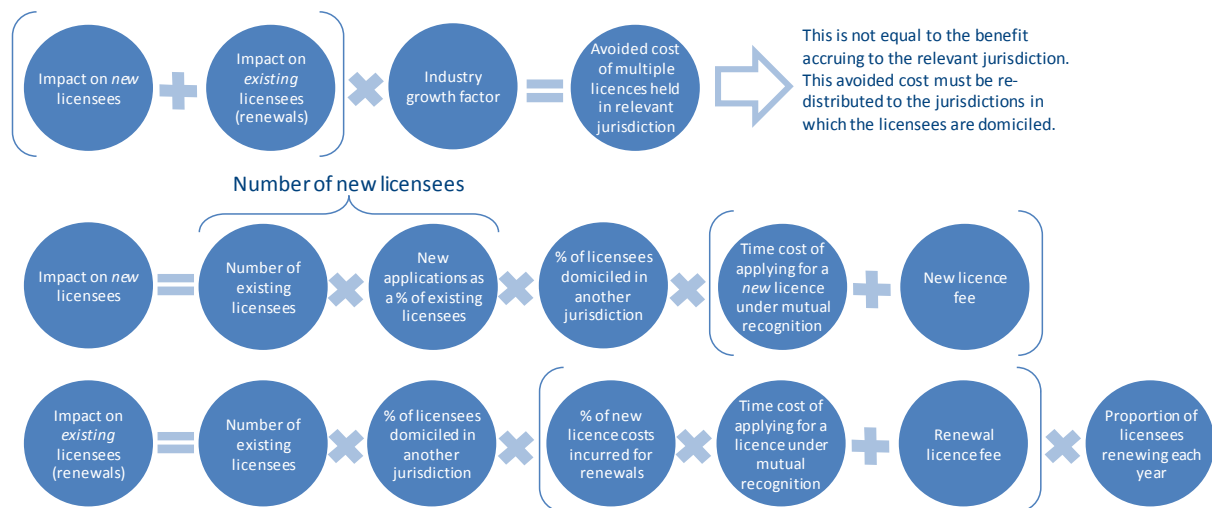
- For those first applying for a licence in another jurisdiction, the time cost would increase by a factor of two compared to the time taken to apply for a licence in their own jurisdiction, reflecting additional search costs and potential delays imposed on licensees or businesses that are hiring the individual in the other jurisdiction.
- For those renewing a licence under mutual recognition, the time cost of applying for a licence is still assumed to be higher, but only a multiplier of 5 per cent is assumed (which is applied to the assumption of the time to apply for a licence).

The time cost to apply for a licence in this equation is therefore calculated as follows:

- The time cost to apply for a new licence under mutual recognition is two multiplied by the time to apply for a licence in the relevant jurisdiction multiplied by the wage rate in the relevant jurisdiction.
- The time cost to apply for a licence renewal under mutual recognition (as used in the renewal calculation) is the time to apply for a licence renewal in the relevant jurisdiction multiplied by 1.05 multiplied by the wage rate in the relevant jurisdiction.

The proportion of licensees renewing each year is equal to one divided by the licence period, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure G.6: How to calculate the impact of removing multiple licences



The avoided cost calculated in Figure G.6 is not attributable to the jurisdiction for which it is calculated. The avoided cost accrues to the jurisdiction in which the licence holders are domiciled, not the jurisdiction in which they hold the additional licence. For example, where a worker who lives in New South Wales currently holds New South Wales and Queensland licences, under national licensing, they would no longer be required to hold a Queensland licence to work in Queensland. The saving from not having to apply for or hold a Queensland licence would be realised by that worker from New South Wales; hence the benefit is determined as a benefit realised in New South Wales.

In estimates for this Decision RIS, the benefit has been distributed according to the percentage distributions shown in Chapter 4. For that reason, the benefit accruing to any one jurisdiction is actually the sum product of the avoided costs for each jurisdiction (calculated in Figure G.6) and the percentage of multiple licences in each jurisdiction accruing to licensees domiciled in the relevant jurisdiction.

Continuing compliance activity on reduced revenue

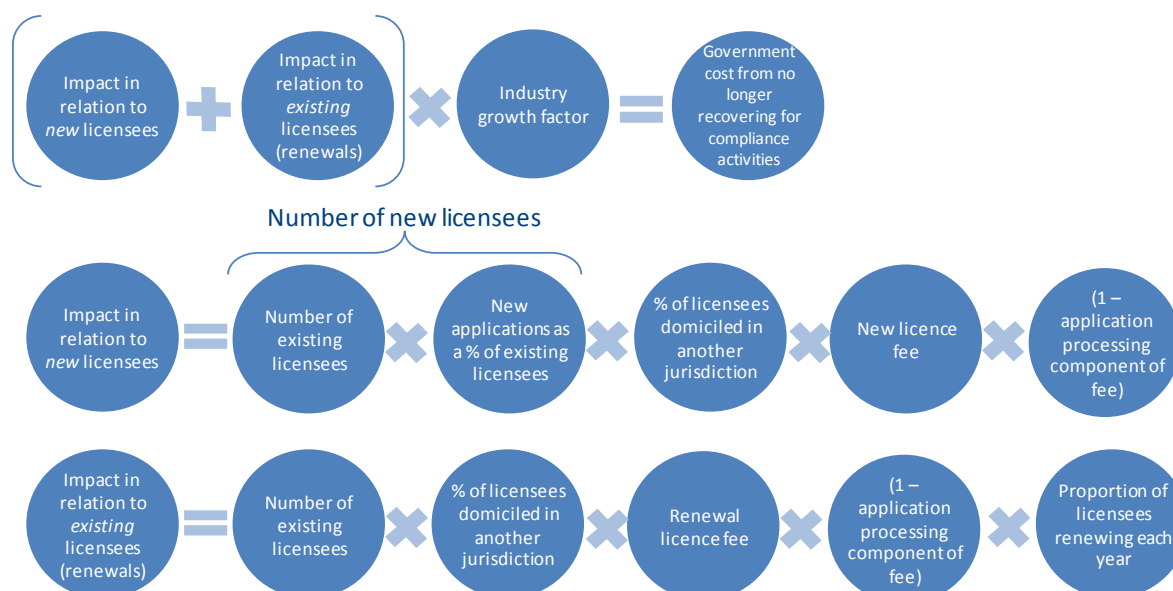
The savings that are enjoyed by licensees in the property industry who no longer have to hold multiple licences have been accounted for by the reduction of fees and effort for applying for those licences.

Advice from the jurisdictions is that a proportion of those fees cover compliance activities that currently occur. To ensure that existing compliance activities are able to continue in light of a single licensing system, resources will need to be available to the regulators for each jurisdiction to continue to oversee property licensees who are licensed elsewhere but work in each relevant jurisdiction.

The following estimate accounts for this based on the efficiency saving that is used elsewhere of 28 per cent (which represents the application processing component of licence fees), leaving a 72 per cent cost associated with compliance and other related activities for those licensees who no longer hold multiple licences. This component will no longer be recovered through fees, but the activities will still need to be funded by government. Note that in New South Wales and South Australia, the application processing component of licence fees is estimated based on dollar figures provided by regulators, rather than the percentage outlined above. For detail on these estimates, see section 1.2.

The equation used to calculate the yearly impact on government is shown in Figure G.7. This equation is based on the equation for calculating the benefit to licence holders through reduced costs of holding multiple licences (see Figure G.6). The proportion of licensees renewing each year is equal to one divided by the licence period, as it is assumed that licence renewals are distributed evenly over time across the industry. Given that real estate agents and property agent's representatives have different licence fees, the impact is calculated separately for these two licence types.

Figure G.7: How to calculate the cost to government from continuing compliance activity for multiple licence holders



Impact from a licence period of one, three or five years across all jurisdictions

This impact only applies to the renewal of licences, and only the application processing component of the fee would be saved (or paid more often) in those jurisdictions with a licence term shorter (or

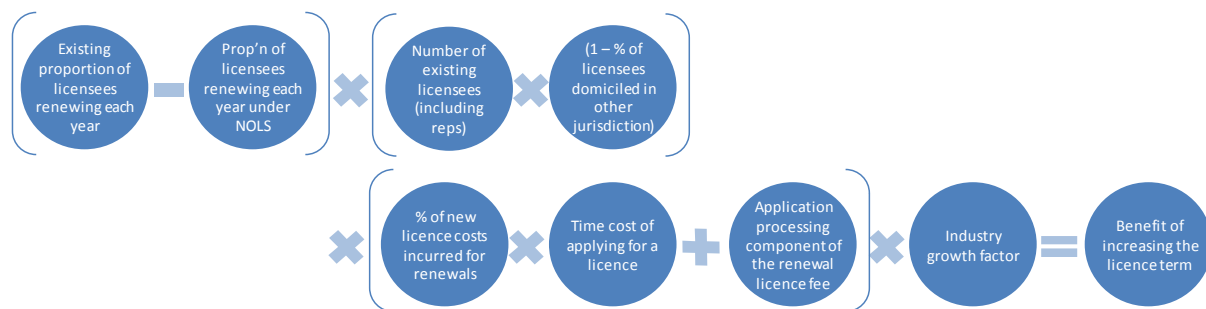
longer) than five years. This component is \$60 in New South Wales, \$5 in South Australia and in other jurisdictions is calculated as 28 per cent of the renewal licence fee in the relevant jurisdiction based on a survey of regulators conducted in 2009 relating to the property licences (see the tables in section 1.2 for more details on the assumptions underlying this calculation). Some jurisdictions have suggested that the fixed component of the licence fees may increase, due to the uncertainty surrounding this information; this factor has not been accounted for in the analysis.

The equation for calculating the yearly impact from a maximum five year licence period is shown in Figure G.8 and Figure G.9. Given that real estate agents and agent’s representatives have different licence fees, the impact is calculated separately for these two licence types.

The proportion of licensees renewing each year is equal to one divided by the licence period, as it is assumed that licence renewals are distributed evenly over time across the industry. In Tasmania, given that it has a perpetual licence, the proportion renewing each year is equal to zero. Given that the calculation only accounts for the processing component of licence fees, this amount would be fully saved even under a perpetual licence. Recovery by regulators for compliance and other fixed-cost activities under a perpetual licence could occur either when a licensee first obtains a licence or by a periodic payment.

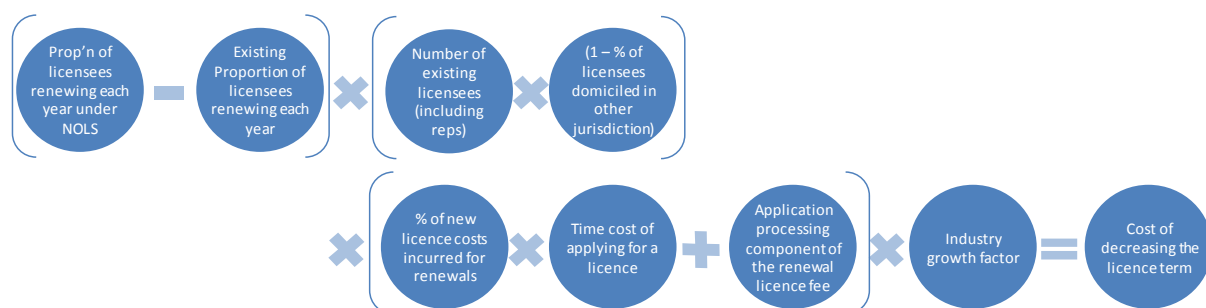
When calculating the impact in Victoria, the number of licensees excludes representatives, as they are currently regulated under an employer registration scheme. The impact on frequency of processing for representatives is calculated as a separate impact.

Figure G.8: How to calculate the benefit to licensees where the licence period increases to a maximum five years



NOLS = National Occupational Licensing System

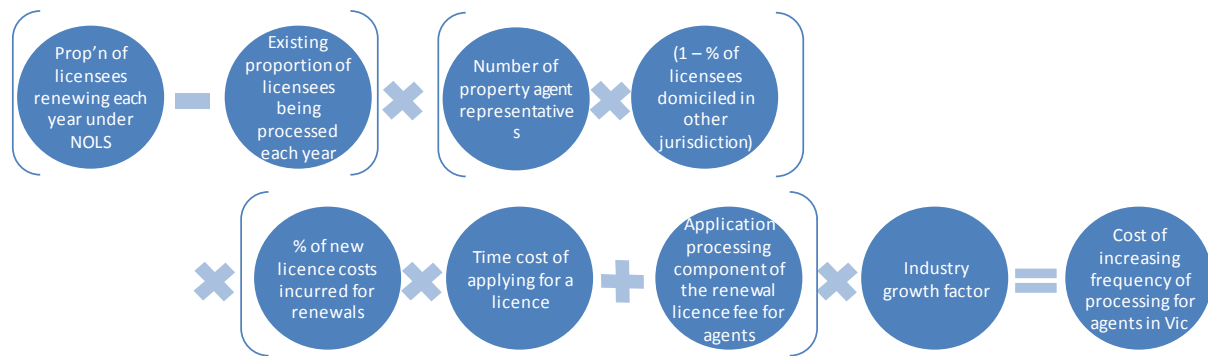
Figure G.9: How to calculate the cost to licensees where the licence period decreases to five years



Increasing the frequency of processing for agent’s representatives in Victoria

This impact is calculated in a similar way to a decrease in the licence period shown in above. Given that the costs of processing for an agent’s licence are used as a proxy for the cost of processing representatives, the calculation is almost the same as that above. The exact calculation is shown in Figure G.10.

Figure G.10: How to calculate the cost of increasing the frequency of processing agent's representatives

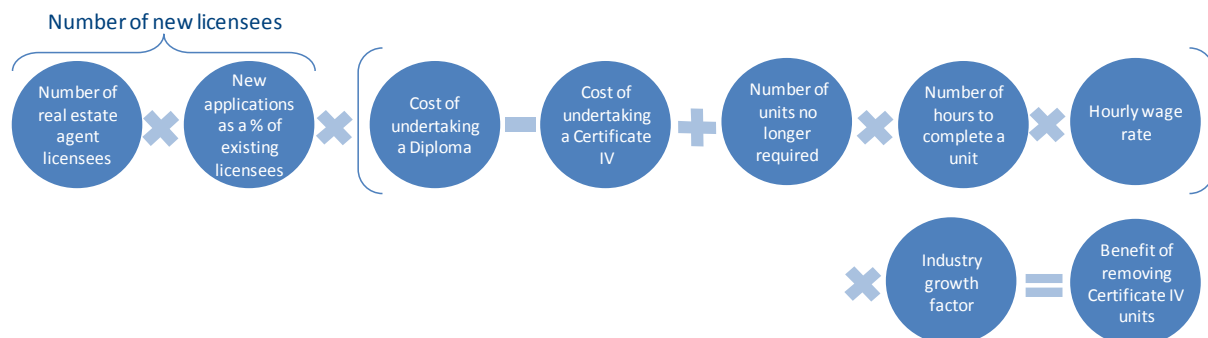


Changes to qualification requirements

Changes to qualification requirements impact on new licence holders only because competency requirements must be met upon first obtaining a licence. The number of new licensees is based on the number of new applicants in the industry as a percentage of existing licensees. The impact from changes to qualification requirements is calculated in three different ways.

For real estate agents, calculating the benefit from removing the requirement to undertake a diploma is shown in Figure G.11.

Figure G.11: How to calculate the benefit of changes to qualifications for real estate agents

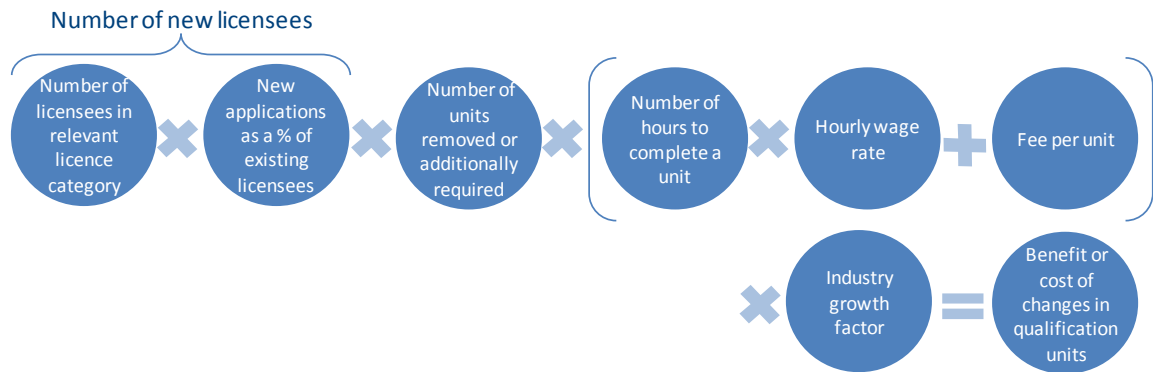


The number of real estate agent licensees is calculated as the total number of licensees minus the number of:

- agent's representatives
- strata managing agents
- auctioneers.

Where there is an increase or a decrease in the number of units of competency required (for example, for agent's representatives, auctioneers and those that do both real estate and business agency work), the impact is calculated as shown in Figure G.12.

Figure G.12: How to calculate the impact of changes to qualifications where the impact is based on the number of units required

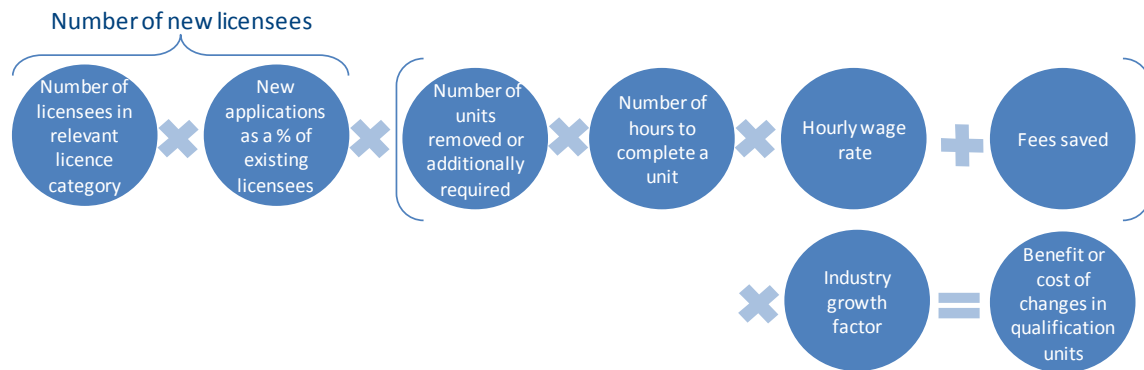


Under some existing arrangements, auctioneers could be either an agent or an agent’s representative, and these licence types require differing qualifications. The impact for auctioneers is therefore calculated separately for these two licence types.

When calculating the impact on real estate agents who also do business agency work, the number of licensees is calculated as the number of real estate agent licensees multiplied by the proportion of real estate agents who also do business agency work (estimated at 2.5 per cent – see section 1.2 for details).

For strata managing agents, the calculation is very similar to the one in Figure G.12; however, as outlined in section 1.2, the saving in terms of fees is not estimated on a per unit basis. The calculation is shown in Figure G.13.

Figure G.13: How to calculate the impact of changes to qualifications for strata managers



Removal of mandatory continuing professional development requirements

The impact of removing mandatory continuing professional development (CPD) is calculated as per the equation set out in Figure G.14.

Figure G.14: How to calculate the impact of removing mandatory continuous professional development requirements

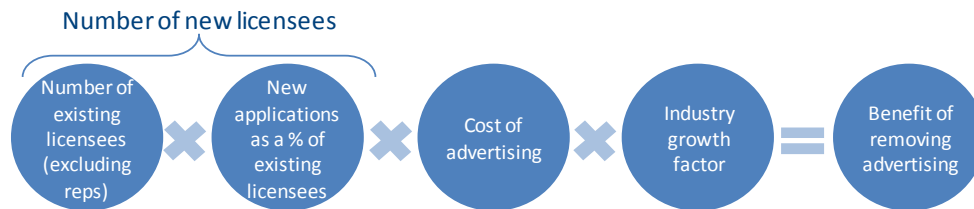


CPD = continuing professional development

Removing the requirement to advertise

This impact only applies to new licence holders, as the requirement to advertise is imposed on licensees upon first applying for a licence. The equation used to calculate the yearly impact is shown in Figure G.15.

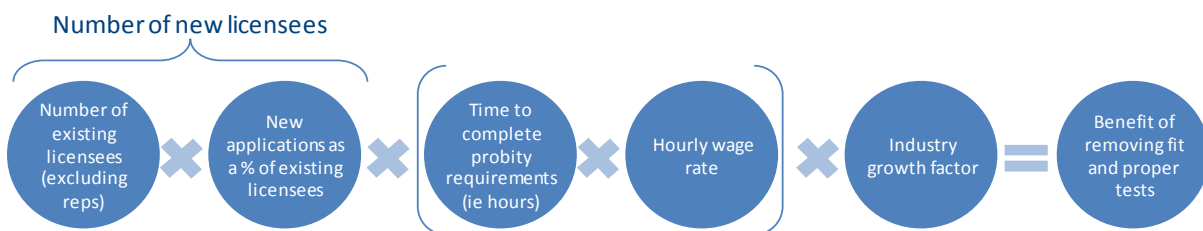
Figure G.15: How to calculate the benefit of removing the requirement to advertise



Savings from removing broader fit and proper tests as part of personal probity

This impact only applies to new licence holders, as probity requirements are placed on licensees upon first applying for a licence. The equation used to calculate the yearly impact is shown in Figure G.16.

Figure G.16: How to calculate the saving from removing fit and proper tests



Labour mobility

The equation for calculating the estimated impact of labour mobility is shown in Figure G.17.

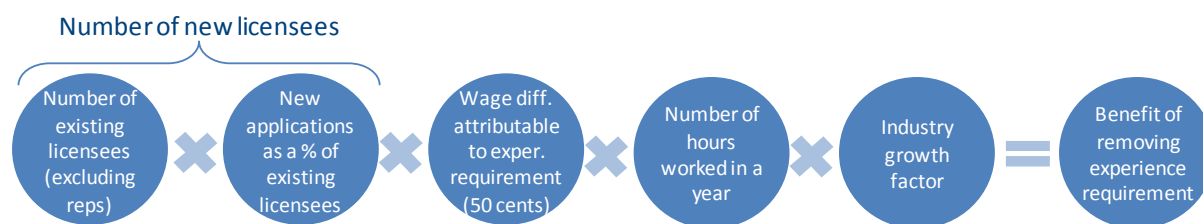
Figure G.17: How to calculate the benefit of labour mobility



Removing experience requirements

This impact applies to all licensees excluding representatives. The equation used to calculate the yearly impact is shown in Figure G.18.

Figure G.18: How to calculate the impact of removing experience requirements



Business value-add

The impact on business value-add is calculated as one-third of the efficiency impact on labour. The ongoing net efficiency impact on labour includes the time component (not including fees) of the following impacts:

- changes in qualification requirements
- removal of mandatory continuing professional development requirements
- removal of fit and proper tests
- flexible licence periods
- increase in frequency of processing for agent's representative in Victoria
- removal of multiple licences across jurisdictions
- removal of experience requirements.

The one-off efficiency cost to labour includes the time component (not including fees) of understanding national licensing.

Method underlying the computable general equilibrium modelling

Overview of computable general equilibrium modelling

As part of the Consultation RIS, PricewaterhouseCoopers undertook computable general equilibrium (CGE) modelling to quantify the potential economy-wide effects of an efficiency change that may result from the proposed policy change. CGE modelling is useful when a direct impact, at either the specific industry or regional level, is expected to have economy-wide implications or significant flow-on effects.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted.

What is a computable general equilibrium model?

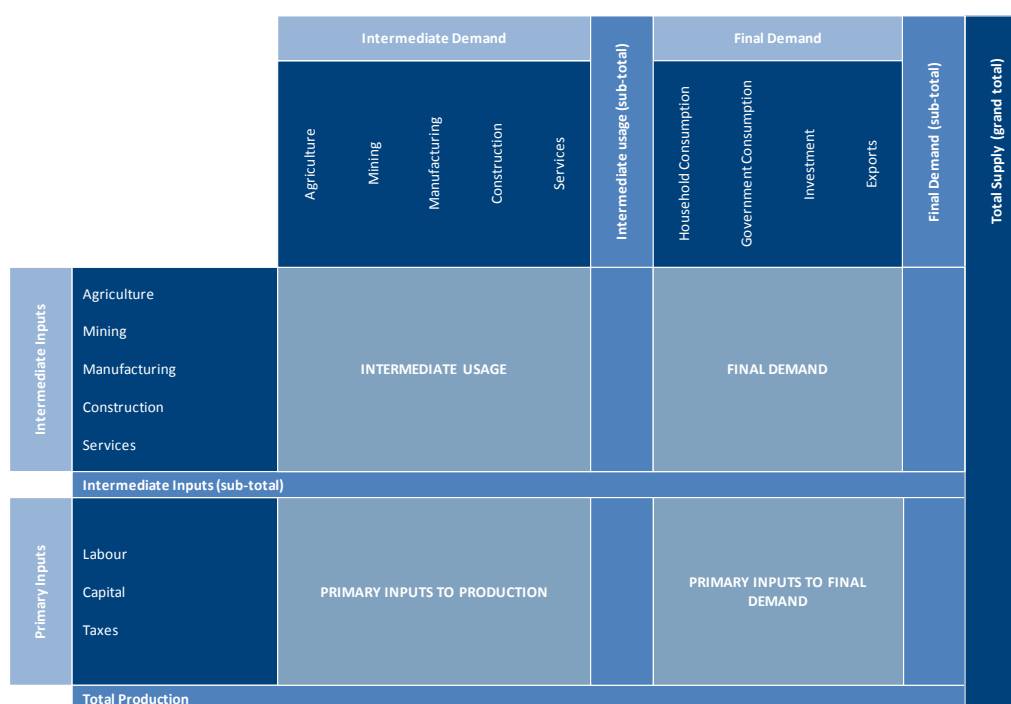
A CGE model is a mathematical model of an economy that is capable of capturing economy-wide impacts and inter-sectoral reallocation of resources that may result from a shock to the economy (see Figure G.19). CGE models are generally designed for quantitative analysis of:

- resource allocation issues
- changes in technical efficiency
- issues related to government tax or expenditure policy

- external events that can be represented as price or activity shocks.

The core data of a CGE model is an input–output (I–O) table. An I–O table is a system of accounts that shows, in value terms, the supply and disposal of goods and services within the economy in a particular year. An I–O table captures sales of products to other industries for further processing (intermediate usage), together with sales of products to final users. It also captures the inputs used in an industry’s production, whether they are intermediate or primary inputs (such as labour and capital). The table is balanced such that the total of the inputs to each industry is equal to the total of the outputs from each industry. Essentially, an I–O table is a snapshot of an economy (whether it is a region, state or country) in a particular year. More information on I–O tables can be found in Australian Bureau of Statistics catalogue 5216.0.

Figure G.19: Diagrammatic representation of the core of a computable general equilibrium model



A CGE model pushes forward the base I–O table through time by utilising a set of equations that capture neoclassical microeconomic theory¹¹² to determine the behaviour of economic agents when they are faced with changes in key economic variables (especially relative prices). The equations are solved simultaneously, and some variables are determined by the model (endogenous variables) and some are determined outside the model (exogenous variables). The classification of endogenous and exogenous variables is determined by the user based on the set of assumptions derived for the specific modelling exercise.

The CGE model used for this modelling exercise is the Monash Multi-region Forecasting Model (MMRF). MMRF is a multi-sector CGE model of the Australian economy that encompasses all states and territories. It was developed by the Centre of Policy Studies at Monash University.

CGE modelling exercises are often undertaken alongside cost–benefit analysis, as a CGE model can provide economy-wide metrics that cannot otherwise be provided by a cost–benefit analysis. CGE modelling provides a deeper analysis that contributes to the strength of the argument for policy makers. It is a common tool used by the Productivity Commission when undertaking inquiries, and it

¹¹² For example, households maximise utility subject to a budget constraint, while industries minimise costs subject to production functions.

is used by the Australian Treasury when assessing policy decisions such as the Australian Government's carbon pricing mechanism.

Limitations of the modelling

It is important to recognise the key limitations of the modelling when assessing the results. The results are not intended to be definitive forecasts or precise point estimates of key economic indicators resulting from the proposed reforms. Rather, the results of the modelling should be viewed as a projection of economic variables under a series of plausible assumptions that have informed a scenario analysis.

While the modelling exercise has been informed by the impact analysis results, not all individual costs and benefits have been modelled explicitly in the CGE model. Hence, the results between the impact analysis and the scenario modelled in MMRF (i.e. an increase in efficiency) are not directly comparable.

The key limitations to this modelling approach include:

- The occupation dimension in the model is inadequate. The model has been run as an efficiency shock to the business services industry, as opposed to targeting the property profession directly. This is largely due to the lack of occupational detail in MMRF. Additionally, this modelling exercise does not allow for movement between occupations.
- While the efficiency gain has been scaled down to account for the proportion of property employment for total employment in the business services industry, this approach assumes that the penetration of property services into other industries has the same composition as that of the business services industry as a whole.

Additional limitations are discussed below.

Time dimension

CGE models can be set up as either 'comparative static' or 'recursive dynamic', depending on the treatment of time in the modelling exercise. This modelling exercise has been run as comparative static.

While recursive dynamic modelling can account for how the economy changes over time to move from one equilibrium position to another, comparative static modelling presents a static viewpoint, comparing the economy at a point in time to the economy once the impact of the shock has been absorbed.

Due to the comparative static nature of this modelling, there is no allowance for, for example:

- underlying changes in the economy over time
- how the shock might be disaggregated over a number of time periods and how it might play out through the directly affected industry, interrelated industries and the wider economy over time
- a lagged adjustment process in the labour market.

Ideally, a recursive dynamic approach to the modelling would be employed to more appropriately address the economy-wide impacts of national occupational licensing restrictions as, for example, a lagged adjustment process in the labour market is fundamental to the movement of the impact through the wider economy.

However, the comparative static results provide a high-level illustrative story of how industry and macroeconomic variables may respond to a change in efficiency as a result of the policy change.

A recursive dynamic exercise would be far more advanced but requires significantly more time to undertake.¹¹³

The shock to the model

The scenario modelled for the Decision Regulation Impact Statement

Under national licensing requirements, barriers to entry to the property occupations in each jurisdiction are expected to diminish through, for example, reduction in costs for licensing and an increase in the readiness to work between jurisdictions. This may be translated as:

- an increase in efficiency of labour in the property services industry
- an increase in efficiency of capital in the property services industry
- a reduction in multiple licences fees that property licensees pay to government.

The reform will also affect the amount of public administration that the state and territory governments consume, as they will have to process fewer licences.

To model each of these impacts, calculations based on the results of the cost–benefit analysis have been drawn upon. As stated above, only the ongoing costs and benefits have been modelled.

Calculating an increase in efficiency of labour in property services

To calculate the labour efficiency shock, the net result has been taken from the direct model of time saved for property licensees as a result of the reforms (that is, the time and effort to obtain multiple licences for those working across jurisdictions) – plus the benefit that has been assumed in the cost–benefit analysis in terms of enhanced labour mobility – and turned it into an efficiency shock. To convert the time saved into an efficiency shock it has been assumed that there will be a decrease in labour cost equal to the monetary cost of the time saved, while holding revenue unchanged for the property services industry. The cost and revenue data for the analysis has been drawn from the IBISWorld report, *Real estate agents in Australia*.¹¹⁴ The CGE model does not explicitly contain a property services industry; rather, the property services industry is consumed by a variety of industries, the majority being in business services. To translate a labour efficiency gain in the property services industry into the business services industry, 2006 industry employment census data was used to estimate the proportion of the business services industry that can be attributed to the property services industry. The property services efficiency shock was then scaled appropriately to be applied to the business services industry in the CGE model. The CGE modelling then used the calculated efficiency gains to estimate what the broader economic impact would be on the Australian economy.

The modelling assumes that property licensees would use time saved to undertake more work rather than take more leisure time.¹¹⁵

¹¹³ For example, in assessing the impact of a policy change, dynamic general equilibrium models produce two alternative projections – the ‘base case’, that is, the growth path of the economy without the policy change; and the ‘policy run’, that is, the growth path of the economy in the policy change. The base case serves as the counterfactual or the control path from which deviations are measured when assessing the effects of the policy change. Creating a base case is a substantial undertaking, as the modeller is required to develop a view of what the economy may look like over the projection period and impose that on the model.

¹¹⁴ IBIS World 2012, *Real estate agents in Australia*, Industry Report, March.

¹¹⁵ It is possible that this is not the case – that is, some hours saved could add to leisure time rather than increase productive hours of work. While an increase in leisure time would be expected to increase welfare, this would not be picked up in MMRF since it only considers market impacts.

Calculating an increase in capital efficiency

The business value-add result from the cost–benefit analysis has been translated as an increase in capital efficiency in the CGE model using the same methodology as outlined in calculating an increase in efficiency of labour (see above). A discussion of the calculation of the business value-add is outlined above.

Calculating a decrease in government fees

The cost saved by property licensees as a result of a reduction in fees paid (licence fees paid to government and fees paid for education and training requirements) has been modelled as a cost saved to property licensees. This has been calculated by decreasing the proportion of fees paid to government.¹¹⁶

Calculating changes to government expenditure

The change in state and territory government expenditure is dependent on the amount the government saves through reduced processing cost and the ongoing cost of NOLA. The CGE modelling of this is dependent on each state’s and territory’s net position.¹¹⁷

Inputs and assumptions underlying the analysis

Assumptions in the cost–benefit analysis

The following tables provide details on all the key data sources and assumptions made in the impact analysis for this Decision RIS. In some areas assumptions have been made where data is not readily available. Where these assumptions are made the method for making the assumption is explained in the text and tables below.

Real discount rate

All future cost and benefit cash flows will be discounted to 2012 dollars using a real discount rate of 7 per cent in line with the requirements of the *Best practice regulation handbook*, which also recommends sensitivity testing using 3 per cent and 10 per cent discount rates.¹¹⁸

Table G.2: Discount rate and sensitivities

Assumption	Unit	Value	Source
Discount rate			
Real discount rate	% p.a.	Headline: 7% Sensitivity: 3%, 10%	Australian Government, best practice regulation handbook, Canberra, 2010, page 66.

¹¹⁶ The amount paid to government is based on the ABS 2005–06 input–output table. The total fee has been inflated to 2011 dollars as the cost saved under the cost–benefit analysis is in 2011 dollars.

¹¹⁷ The amount consumed by each of the state and territory governments of public services is based on the ABS 2005–06 input–output tables and inflated to 2011 dollars. It has been assumed that government will consume less in administration services as a result of the reform (as informed by the cost–benefit results of a decrease in expenditure on licensing) but will also face additional costs associated with NOLA and the national licensing register.

¹¹⁸ Australian Government 2010, *Best practice regulation handbook*, Canberra, p. 66.

Evaluation period

The *Best practice regulation handbook* states that ‘the total period [of evaluation] needs to be long enough to capture all potential costs and benefits of the proposal’ and provides guidance that ‘in view of the difficulty of forecasting costs and benefits over long periods, exercise caution when adopting an evaluation period longer than 20 years’.¹¹⁹ Accordingly, an evaluation period of ten years has been used, with sensitivity testing using 15 and 20 years.

However, for the purposes of the impact analysis, it is assumed that national licensing will commence for the first tranche of occupations from 1 July 2013.¹²⁰

Western Australia has advised that the operating start date in its jurisdictions is uncertain. Western Australia will consider its position following the consultation period. This has not been reflected in the cost–benefit analysis.

Table G.3: Timing of analysis

Assumptions	Unit	Value	Source
Timing			
Operating start date	date	1 July 2013	Unpublished advice provided by COAG National Licensing Taskforce
Evaluation period	years	Headline: 10 years Sensitivity: 15, 20 years	Assumption based on advice in the <i>Best practice regulation handbook</i>

Note: Australian Government 2010, *Best practice regulation handbook*, Canberra, p. 63.

Wage rate

A jurisdiction-specific wage rate has been used in the model, based on data available from the Australian Bureau of Statistics relating to employee earnings and hours.¹²¹

Hourly cash earnings

Data on hourly cash earnings for real estate sales agents has been sourced from the Australian Bureau of Statistics, *Employee earnings and hours (catalogue 6306.0)* using the Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes.

According to the ANZSCO code 612, real estate sales agents sell, lease and manage non-residential property and private properties, and broker the buying and selling of businesses.

ANZSCO suggests that an indicative skills level for this occupation is an Australian Qualifications Framework Associate Degree, Advance Diploma or Diploma or at least three years of relevant experience (ANZSCO skill level 2). Alternatively, the indicative skill level of this occupation is an Australian Qualifications Framework Certificate III, including at least two years of on-the-job training, or a Certificate IV, or at least three years of relevant experience (ANZSCO skill level 3).¹²²

It is acknowledged that these wage rates overestimate the wage rate for an agent’s representatives.

The hourly cash earnings rates below are based on ordinary time worked per person (excluding overtime), based on the specific hours worked in each jurisdiction.

¹¹⁹ Ibid.

¹²⁰ Tranche 1 includes the following occupational areas: electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics.

¹²¹ See this link on the [ABS website](#).

¹²² See this link on the [ABS website](#).

It is assumed that as the activities involved with national licensing are ancillary to employment, the opportunity cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

On-cost and overheads

According to the Australian Bureau of Statistics survey 'Labour Costs, Australia, 2002-03', an on-costs multiplier of 1.129 is appropriate for the 'property and business services' industry, which includes:

- employee earnings
- superannuation
- payroll tax
- worker's compensation
- fringe benefits tax.¹²³

In the absence of any other information, the *Victorian guide to regulation* suggests that an overheads multiplier of 1.5 is appropriate.¹²⁴ The Victorian Competition and Efficiency Commission suggests that overhead costs include building costs (floor space, fixtures and fittings maintenance and services), equipment, consumables, IT and other support services, administrative support and corporate overheads (senior management, corporate finance, human resources and legal services).

Based on this information from the Australian Bureau of Statistics and Victorian Competition and Efficiency Commission, an on-cost and overheads multiplier of 1.693 is applied to the hourly cash earnings of property occupations (that is, $1.129 \times 1.5 = 1.693$)

Inflation rate

In order to inflate the hourly cash rates to 2012 dollars, the national consumer price index (CPI) for the period March 2010 to December 2011 was used based on data from the Australian Bureau of Statistics (catalogue 6401.0).¹²⁵ Note that the national CPI figures have been used. While ideally the wage rates would be inflated to 1 July 2012 (as the net present value is calculated as at 1 July 2012), the most recent data available when writing this report was CPI figures from December 2011.

Table G.4: Wage rate assumptions

Assumption	Unit	Value	Source
Hourly cash earnings			
NSW	\$ per hour	\$27.50	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1B. Note: Based on 'ordinary time per person' (excluding overtime)
Vic	\$ per hour	\$23.60	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1C. Note: Based on 'ordinary time per person' (excluding overtime)

¹²³ See this link on the [ABS website](#).

¹²⁴ See this link on the [VCEC website](#).

¹²⁵ March 2010 and December 2011 are the closest dates to May 2010 and March 2012 respectively.

Assumption	Unit	Value	Source
Qld	\$ per hour	\$23.60	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1D, viewed 29 March 2012. Note: Based on 'ordinary time per person' (excluding overtime)
WA	\$ per hour	\$30.60	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1F, Note: Based on 'ordinary time per person' (excluding overtime)
SA	\$ per hour	\$27.30	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1E, Note: Based on 'ordinary time per person' (excluding overtime)
Tas	\$ per hour	\$30.20	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1G. Note: Based on 'ordinary time per person' (excluding overtime)
ACT	\$ per hour	\$22.20	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1I. Note: Based on 'ordinary time per person' (excluding overtime)
NT	\$ per hour	\$35.00	Australian Bureau of Statistics, Employee earnings and hours , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 612 'Real estate sales agents', Table 1H. Note: Based on 'ordinary time per person' (excluding overtime)
On-costs and overheads multiplier			
On-costs and overheads multiplier	Multiplier	1.693	Assumption based on Australian Bureau of Statistics labour cost survey data and guidance material from the Victorian Competition and Efficiency Commission.
Inflation rate (May 2010 to December 2011)			
Inflation rate	%	4.91%	Australian Bureau of Statistics, Consumer Price Index, Australia , catalogue 6401.0, December 2011. Note: Inflation index from March 2010 (index number of 171.0) to December 2011 (index number of 179.4)

Industry growth rates (employment)

The net industry growth rate represents the number of people leaving and entering the industry per year. The proportion of new applicants only takes into the consideration the number of new entrants in the industry.

South Australia has provided specific data on the number of applicants in a given year. Where this information has not been provided, a national figure based on data from the Australian Bureau of Statistics labour mobility survey has been used.

Table G.5: Business sector revenue contribution

Assumptions	Unit	Value	Source
Industry revenue – national			
Office	\$'000 per annum	27,200,000	IBISWorld Industry Report, Office property operators in Australia, February 2012
Retail	\$'000 per annum	30,200,000	IBISWorld Industry Report, Retail property operators in Australia, March 2012
Residential	\$'000 per annum	29,200,000	IBISWorld Industry Report, Residential property operators and Developers in Australia, March 2012
Real estate	\$'000 per annum	9,000,000	IBISWorld Industry Report, Real estate agents in Australia, March 2012
Industrial	\$'000 per annum	21,000,000	IBISWorld Industry Report, Industrial and other property operators and developers in Australia, November 2011 – annual change in employment
Property – total	\$'000 per annum	116,600,000	

Table G.6: Industry growth rates (employment)

Assumptions	Unit	Value	Source
Net industry growth – national			
Office	% per annum	3.9%	IBISWorld Industry Report, Office property operators in Australia, February 2012 – annual change in employment – average of current and projected rates for 2011–12 to 2016–17
Retail	% per annum	1.32%	IBISWorld Industry Report, Retail property operators in Australia, March 2012 – annual change in employment – average of current and projected rates for 2011–12 to 2016–17
Residential	% per annum	1.0%	IBISWorld Industry Report, Residential property operators and developers in Australia, March 2012 – annual change in employment – average of current and projected rates for 2011–12 to 2016–17
Real estate	% per annum	1.87%	IBISWorld Industry Report, Real estate agents in Australia, March 2012 – annual change in employment – average of current and projected rates for 2011–12 to 2016–17
Industrial	% per annum	0.45%	IBISWorld Industry Report, Industrial and other property operators and developers in Australia, November 2011 – annual change in employment – average of current and projected rates for 2011–12 to 2016–17
Property – total	% per annum	1.728%	This is a weighted average of the net growth rates for each industry above, weighted based on the revenue contribution of each category to the total market. .
Proportion of new applicants in the industry (new applicants as a proportion of existing licensees)			
NSW	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time

Assumptions	Unit	Value	Source
Vic	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time
Qld	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees that entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time
WA	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time
SA	% per annum	5.319%	Based on information provided by the South Australian regulator on new land agent applications in 2009–10 (272) as a proportion of total existing licensees (5,114), received February 2012.
Tas	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time
ACT	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time
NT	% per annum	5.166%	Australian Bureau of Statistics, Labour mobility , February 2010, catalogue 6209.0, Table 7, page 23. Based on the 'Rental, hiring and real estate services' industry Calculated as the number of employees who entered into a different industry division in the last 12 months, as a proportion of the total number of employees in that industry during that time

Licence fees

The licence fees presented in Table G.7 are the current fees under the existing jurisdiction-based licensing schemes.

Table G.7: Licence fees – real estate agent

Assumption	Unit	Value	Source
Cost of licence fee – real estate agent (new licence fee)			
NSW	\$ per licensee	\$389	Based on information provided by NSW regulator on 29 February 2012 Processing component (\$185) and licence component (\$204) for both individuals and corporations
Vic	\$ per licensee	\$507.95	Business Licensing Authority Victoria, Fees Average of individual licence fee (\$372) and company licence fee (\$644)
Qld	\$ per licensee	\$1,628.45	Office of Fair Trading, License Types Average of individual licence fee (\$2106) and corporate licence fee (\$1151) Criminal history check fee (\$36) excluded
WA	\$ per licensee	\$944	Department of Commerce, Licensing fees The average of an individual fee (\$688 licence fee and \$150 contribution to fidelity guarantee account) and a company fee (\$900 licence fee and \$150 contribution to fidelity guarantee account) Advertising fees have not been included as this has been accounted for under the impact of removing advertising requirements
SA	\$ per licensee	\$586.70	Consumer and Business Services, Fees for licensing – land agents Average of individual fee (\$244 application fee and \$298 pre-grant fee) and body corporate fee (\$244 application fee and \$449 pre-grant fee)
Tas	\$ per licensee	\$612	Property Agents Board, Fees and charges Average of individual fee (\$136 application fee and \$408 licence fee) and company fee (\$272 application fee and \$408 licence fee)
ACT	\$ per licensee	\$637	Justice and Community Safety, Forms and fees Application fee for agent licence (\$637)
NT	\$ per licensee	\$351	Department of Justice, Licensing, regulation and alcohol strategy factsheet Application fee for real estate agents (\$351)

Table G.8: Licence fees – agent's representative

Assumption	Unit	Value	Source
Cost of licence fee – agent's representative (new licence fee)			
NSW	\$ per licensee	\$117	Based on information provided by NSW regulator on 29 February 2012 Salesperson certificate (\$117)
Vic	\$ per licensee	\$0	Employer registration scheme – no licence fee applies
Qld	\$ per licensee	\$445.55	Office of Fair Trading, License types Real estate salesperson (\$445.55)
WA	\$ per licensee	\$222	Department of Commerce, Licensing fees Sales representatives – registration (\$177) and contribution to fidelity guarantee account (\$45)
SA	\$ per licensee	\$191	Consumer and Business Services, Fees for licensing – land agents

Assumption	Unit	Value	Source
ACT	\$ per licensee	\$191	Information provided by the ACT in June 2012
NT	\$ per licensee	\$66	Department of Justice, Licensing, regulation and alcohol strategy factsheet

Table G.9: Renewal licence fees – real estate agent

Assumption	Unit	Value	Source
Cost of renewal licence fee – real estate agent			
NSW	\$ per licensee	\$264	Based on information provided by NSW regulator on 29 February 2012 Processing component (\$60) and licence component (\$204) for both individuals and corporations
Vic	\$ per licensee	\$298	Business Licensing Authority Victoria, Fees Average of individual annual licence fee (\$186) and company annual licence fee (\$409)
Qld	\$ per licensee	\$570.65	Office of Fair Trading, License types Average of individual licence fee (\$2106) and corporate licence fee (\$1151) Criminal history check fee (\$36) excluded
WA	\$ per licensee	\$442	Department of Commerce, Licensing fees Renewal fee for individual or company (\$442)
SA	\$ per licensee	\$370	Consumer and Business Services, Fees for licensing – land agents Average of individual periodic fee (\$298) and body corporate periodic fee (\$449)
Tas	\$ per licensee	\$408.40	Property Agents Board, Fees and charges Real estate agent fee (\$408)
ACT	\$ per licensee	\$637	Justice and Community Safety, Forms and fees Application fee for agent licence (\$637)
NT	\$ per licensee	\$351	Department of Justice, Licensing, regulation and alcohol strategy factsheet Renewal fee for real estate agents (\$351)

Table G.10: Renewal licence fees – agent’s representatives

Assumption	Unit	Value	Source
Cost of licence fee – agent representatives (renewal licence fee)			
NSW	\$ per licensee	\$79	Based on information provided by NSW regulator on 29 February 2012 Processing component (\$38) and licence component (\$41) for salesperson certificate
Vic	\$ per licensee	\$0	Employer registration scheme – no licence fee applies
Qld	\$ per licensee	\$445.55	Office of Fair Trading, License types Real estate salesperson (\$445.55)
WA	\$ per licensee	\$145	Department of Commerce, Licensing fees Fee for sales representatives

Assumption	Unit	Value	Source
SA	\$ per licensee	\$191	Consumer and Business Services, Fees for licensing – land agents
ACT	\$ per licensee	\$191	Based on information provided by the ACT in June 2012
NT	\$ per licensee	\$66	Department of Justice, Licensing, regulation and alcohol strategy factsheet

Processing component of licence fees

Table G.11: Processing application component of new licence fees

Assumption	Unit	Value	Source
Processing application component of new licence fees			
Processing fee component (other than NSW)	%	27.67%	PricewaterhouseCoopers, <i>Estimating financial impacts of the national occupational licensing system: final report</i> , August 2009, p. 24 Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of property occupations) Estimate percentage based on licence processing cost as a proportion of fee revenue
NSW – agents	\$	\$185	Based on information received from NSW regulator on 29 February 2012
NSW – reps	\$	\$76	Based on information received from NSW regulator on 29 February 2012

Table G.12: Processing application component of renewal licence fees

Assumption	Unit	Value	Source
Processing application component of renewal licence fees			
Processing fee component (other than NSW)	%	27.67%	PricewaterhouseCoopers, <i>Estimating financial impacts of the national occupational licensing system: final report</i> , August 2009, p. 24 Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of property occupations) Estimate percentage based on licence processing cost as a proportion of fee revenue
NSW – agents	\$	\$60	Based on information received from NSW regulator on 29 February 2012
NSW – reps	\$	\$38	Based on information received from NSW regulator on 29 February 2012
SA	\$	\$5	Based on information received from SA regulator in June 2012

Number of licensees

Table G.13: Total number of licensees – real estate agents (including agent’s representatives or sales representatives)

Assumption	Unit	Value	Source
Total existing property licensees (includes agent’s representative or sales representatives)			
NSW	# licensees	40,422	Unpublished data provided by NSW regulator 29 February 2012; 17,267 individual licensees and 5,692 corporate licensees
Vic	# licensees	18,446	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011
Qld	# licensees	38,342	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011. It is assumed that this figure includes sales representatives While the document is unclear on whether they are included or not, this assumption has been made based on the relative size of Queensland to other jurisdictions.
WA	# licensees	13,303	Provided by WA regulator. Licence numbers as at 1 April 2012
SA	# licensees	5,114	Unpublished data provided by SA regulator in January 2012
Tas	# licensees	357	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, page 11, received May 2011
ACT	# licensees	1,009	Pro rata applied to the number of licensees in the ACT under other first stage occupations (i.e. electrical, plumbing and gasfitting, and refrigeration and air-conditioning mechanics), based on the average percentage of property licensees to total licensees (across the first stage occupations) of other jurisdictions.
NT	# licensees	1,084	Provided by NT regulator in June 2012.

Table G.14: Total existing property licensees (excluding agent’s representatives or sales representatives)

Assumption	Unit	Value	Source
Total existing property licensees (excludes agent’s representatives or sales representatives)			
NSW	# licensees	22,959	Unpublished data provided by NSW regulator 29 February 2012; 17,267 individual licensees and 5,692 corporate licensees
Vic	# licensees	8,777	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011
Qld	# licences	20,371	Calculated based on the average proportion of licensees across representatives and full agents in other jurisdictions where the number of sales representatives is known (NSW, SA and Victoria).

Assumption	Unit	Value	Source
WA	# licensees	3,677	Provided by WA regulator. Licence numbers as at 1 April 2012
SA	# licensees	2,813	Unpublished data provided by SA regulator in January 2012
Tas	# licensees	357	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011
ACT	# licensees	1,009	Pro rata applied to the number of licensees in the ACT under other first-stage occupations (i.e. electrical, plumbing and gasfitting and refrigeration and air-conditioning mechanics), based on the average percentage of property licensees to total licensees (across the first stage occupations) of other jurisdictions.
NT	# licensees	608	Provided by NT regulator in June 2012

Table G.15: Number of existing agent representatives or sales representatives

Assumption	Unit	Value	Source
Total number of representatives –agents representatives or sales representatives			
NSW	# licensees	17,463	Unpublished data provided by NSW regulator 29 February 2012
Vic	# licensees	9,669	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011
Qld	# licensees	17,971	Calculated by multiplying the total number of real estate licensees (38,342) by the average ratio of agent's representatives to licensees of NSW, Vic and SA
WA	# licensees	9,636	Provided by WA regulator. Licence numbers as at 1 April 2012
SA	# licensees	2,301	Unpublished data provided by SA regulator in January 2012
ACT	# licensees	743	Based on data provided by the ACT in June 2012
NT	# licensees	476	Provided by NT regulator in June 2012

Table G.16: Number of existing strata managing agents

Assumption	Unit	Value	Source
Total number of licensees – strata managing agents			
NSW	# licensees	1,423	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011. Note that this figure is only used to estimate the number of licensees in other states. There is no impact on strata managing agents in NSW
ACT	# licensees	16	To be included

NT	# licensees	10	<p>Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i>, Table 5, p. 11, received May 2011.</p> <p>Calculated by multiplying the total number of real estate licensees (510) by the average percentage of strata managing agents within the total number of real estate agent licensees in NSW and Victoria (5.74%).</p>
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Table G.17: Number of auctioneers (agents only)

Assumption	Unit	Value	Source
Number of licensees – auctioneers – agents			
NSW	# licensees	1,810	<p>Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i>, Table 5, p. 11, received May 2011.</p> <p>The proportion of auctioneers who are agents (rather than representatives) has been estimated based on the proportion of agents to total licensees in NSW.</p>
Vic	# licensees	944	Calculated by multiplying the total number of real estate agent licensees by the percentage of licensees who are auctioneers in NSW, Qld, SA and NT.
Qld	# licensees	1,137	<p>Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i>, Table 5, p. 11, received May 2011.</p> <p>The proportion of auctioneers who are agents (rather than representatives) has been estimated based on the proportion of agents to total licensees in Qld.</p>
WA	# licensees	395	Calculated by multiplying the total number of real estate agent licensees by the percentage of licensees who are auctioneers in NSW, Qld, SA and NT.
SA	# licensees	336	<p>Unpublished data provided by SA in June 2012</p> <p>SA advised there are 799 auctioneer licensees and 58% are representatives. Hence, it is assumed that 42% are agents.</p>
Tas	# licensees	38	Calculated by multiplying the total number of real estate agent licensees by the percentage of licensees who are auctioneers in NSW, Qld, SA and NT.
ACT	# licensees	89	Calculated by multiplying the total number of real estate agent licensees by the percentage of licensees who are auctioneers in NSW, Qld, SA and NT.
NT	# licensees	107	<p>Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i>, Table 5, p. 11, received May 2011.</p> <p>The proportion of auctioneers who are agents (rather than representatives) has been estimated based on the proportion of agents to total licensees in NT.</p>

Table G.18: Number of auctioneers (agent’s representatives or sales representatives)

Assumption	Unit	Value	Source
Number of licensees – auctioneers – agent’s representatives or sales agent’s representatives			
NSW	# licensees	1,621	<p>Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i>, Table 5, p. 11, received May 2011.</p> <p>The proportion of auctioneers who are representatives has been estimated based on the proportion of agent’s representatives to total licensees in NSW.</p>

Assumption	Unit	Value	Source
Vic	# licensees	1,246	Calculated by multiplying the total number of property agent's representatives by the percentage of representatives who are auctioneers in NSW, Qld, SA and NT.
Qld	# licensees	889	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011. The proportion of auctioneers who are representatives has been estimated based on the proportion of agent's representatives to total licensees in Qld.
WA	# licensees	1,241	Calculated by multiplying the total number of property agent's representatives by the percentage of representatives who are auctioneers in NSW, Qld, SA and NT.
SA	# licensees	463	Unpublished data provided by SA in June 2012. SA advised that there are 799 auctioneer licensees and 58% are representatives.
ACT	# licensees	96	Calculated by multiplying the total number of property agent's representatives by the percentage of representatives who are auctioneers in NSW, Qld, SA and NT.
NT	# licensees	82	Unpublished data provided by COAG National Licensing Taskforce, <i>Property occupations – licence policy development paper</i> , Table 5, p. 11, received May 2011. The proportion of auctioneers who are representatives has been estimated based on the proportion of agent's representatives to total licensees in NT.

Frequency of renewal of licence

Table G.19: Current frequency of renewal – for property licences

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. licence period)			
NSW	years	1	NSW Fair Trading 2011, Property, stock and business agents fees
Vic	years	1	Victorian Business Licensing Authority 2011, Estate agents
Qld	years	3	Qld Department of Justice and Attorney General 2011, Licensing register
WA	years	3	WA Real Estate and Business Agents 2011, Licensing fees
SA	years	1	SA Office of Consumer and Business Affairs 2011, Land agent
Tas	years	Perpetual	Real Estate Institute of Tasmania 2011
ACT	years	1	ACT Government, Justice and Community Safety, Forms and fees
NT	years	1	NT Department of Justice 2011, Real estate licences

Time cost of applying for a licence

The time costs shown in Table G.20 are based on regulator estimates or provided by the Productivity Commission.¹²⁶ Those costs provided by the Productivity Commission are in turn based on regulator cost estimates for registering a real estate agency, including obtaining information and forms,

¹²⁶ Productivity Commission 2008, *Performance benchmarking of Australian business regulation: cost of business registrations (Cost of registering a real estate agency)*, pp. 147–151.

completing and lodging forms, paying fees and attending interviews (if applicable) in the relevant jurisdiction.

Table G.20: Time cost of applying for a real estate agent’s licence (individual and company)

Assumptions	Unit	Value	Source
Time cost of applying for a licence – all licences			
NSW	Hours per licensee	0.32 hours (19 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
Vic	Hours per licensee	6 hours (360 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
Qld	Hours per licensee	2 hours (120 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
WA	Hours per licensee	2.65 hours (19 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
SA	Hours per licensee	0.25 hours (15 minutes)	Based on an estimate provided by the SA regulator in June 2012.
Tas	Hours per licensee	1 hour (60 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
NT	Hours per licensee	1.33 hours (80 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151.
ACT	Hours per licensee	1.67 hours (100 minutes)	Productivity Commission 2008, <i>Performance benchmarking of Australian business regulation: cost of business registrations</i> , pp. 147–151

Time cost of renewing a licence

It is assumed that renewing a licence is less onerous than applying for a new licence. A proxy based on the estimated effort to government (as illustrated by the renewal/new fee differential) has been used for illustrative purposes. The figures below are used to reduce the time component associated with applying for a licence. For example, in New South Wales it is assumed that it takes 13 minutes (68 per cent of 19 minutes) to renew a licence.

Table G.21: Percentage of new licence costs incurred on renewal

Assumption	Unit	Value	Source
Fee differential between renewal and new licences			
NSW	%	68%	Based on licence fee data – renewal fee over new licence fee for a real estate agent
Vic	%	59%	Based on licence fee data – renewal fee over new licence fee for an estate agent
Qld	%	35%	Based on licence fee data – renewal fee over new licence fee for real estate agents

Assumption	Unit	Value	Source
WA	%	47%	Based on licence fee data – renewal fee over new licence fee for a real estate agent
SA	%	58%	Based on licence fee data – renewal fee over new licence fee for a land agent
Tas	%	67%	Based on licence fee data – renewal fee over new licence fee for a real estate agent
ACT	%	56%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for applying to time, this percentage has been based on the average of all other jurisdictions where the percentage is not 100%.
NT	%	56%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for applying to time, this percentage has been based on the average of all other jurisdictions where the percentage is not 100%.

Transition costs for industry

Under national licensing, transition costs would be imposed on industry. Specifically, licensees would need to understand the changes and how they are affected. Time costs would be incurred by reading material, attending an information seminar or through some other means. It is assumed that this cost is incurred before the implementation of national licensing in 2012–13.

In the Consultation RIS, it was assumed that each licensee would require 45 minutes to understand the changes, however consultation feedback indicated that more time would be needed to understand the changes and a 90 minute timeframe has now been included for this purpose.

Table G.22: Industry transition costs

Assumption	Unit	Value	Source
Industry transition costs (time to understand national licensing)			
Time	Hours per licensee	1.5 hours	An assumption of 90 minutes per licensee

Mutual recognition

Case studies provided by – and discussions with – the COAG National Licensing Taskforce suggest that in some cases the time to obtain mutual recognition can far exceed the time to obtain a licence for those residing in a given jurisdiction. This reflects additional search costs and potential delays associated with gaining mutual recognition. For that reason, this analysis assumed that obtaining a mutual recognition takes twice the time taken to obtain a licence for those residing in a jurisdiction.

Table G.23: Time cost associated with obtaining mutual recognition licence, multiplication factor

Assumptions	Unit	Value	Source
Time cost to apply for a new licence under mutual recognition			
Property services	Multiplication factor	2	Assumption based on information provided by the COAG National Licensing Taskforce and from jurisdictional regulators.

South Australia and the Australian Capital Territory have indicated that it would typically take less time for a licensee to renew such a licence compared with the time that would be taken if the

licensee resided in their own jurisdiction. However, case studies provided by – and discussions with – the COAG National Licensing Taskforce suggest that licence applications are more onerous under mutual recognition. For that reason, this analysis has assumed that renewing a mutual recognition licence takes 5 per cent more time than the time taken to renew a licence for those residing in a jurisdiction (over and above the time to apply for a licence – see Table G.20).

Table G.24: Additional time cost upon renewal due to mutual recognition

Assumptions	Unit	Value	Source
Additional time cost due to mutual recognition (renewal only)			
Property services	% per licence	5%	Assumption based on information provided by the COAG National Licensing Taskforce and from jurisdictional regulators.

Removal of requirement to hold multiple licences across jurisdictions

Table G.25: Percentage of licensees domiciled in another jurisdiction

Assumptions	Unit	Value	Source
Percentage of licensees domiciled in another jurisdiction			
NSW	%	3.87%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.
Vic	%	4.16%	Unpublished data provided by Victoria received January 2012.
Qld	%	4.45%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.
WA	%	1.11%	Unpublished data provided by Western Australia, received May 2012. The percentage has been based on data for both agents and representatives.
SA	%	6.21%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.
Tas	%	11.84%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.
ACT	%	33.14%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.
NT	%	9.69%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011. Data provided was consolidated across all occupations.

Given that the exact distribution of multiple licence holders across jurisdictions is unknown, migration flows from 2010–11 have been used as a proxy. The percentages have been calculated based on migration numbers provided in Australian Bureau of Statistics 2011, *Australian demographic statistics*, catalogue 3101.0, June quarter, Table 19 – interstate migration 2010–11.

Table G.26: Estimated distribution of licence holders that hold a licence, domiciled in another jurisdiction (based on ABS data as a proxy)

		Jurisdiction in which licence holders are domiciled								
		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Jurisdiction in which the multiple licences are held	NSW		24%	42%	6%	9%	3%	12%	3%	100%
	Vic	36%		28%	10%	13%	5%	4%	4%	100%
	Qld	48%	22%		7%	10%	4%	4%	6%	100%
	WA	23%	26%	22%		11%	3%	3%	13%	100%
	SA	26%	24%	26%	9%		5%	2%	8%	100%
	Tas	20%	25%	29%	7%	13%		3%	4%	100%
	ACT	57%	13%	16%	4%	4%	2%		3%	100%
	NT	21%	19%	29%	13%	13%	2%	3%		100%

Experience requirements

Under national licensing, experience requirements for all property licence holders would be removed, meaning some licensees could obtain their qualification sooner. The direct benefit to licence holders of removing experience requirements could be measured by the wage difference between unqualified real estate workers and fully accredited licence holders. The wage differential cannot be fully attributed to the experience requirement, as a variety of factors could affect wage levels. For the purposes of this analysis, it is assumed that a wage differential of 50 cents per hour can be attributable to the experience requirement.

The actual experience requirements in each jurisdiction vary. To provide an indicative estimate of the potential benefit, we have assumed a conservative estimate of one year for all jurisdictions that require an experience requirement.

Table G.27: Benefits associated with the removal of experience requirements

Assumptions	Unit	Value	Source
Assumed wage differential between agents and representatives attributable to experience requirement			
All jurisdictions (where an experience requirement exists)	\$ per licensee	\$0.50 per hour	Assumption used in this report for indicative purposes
Years of experience required			
All jurisdictions (where an experience requirement exists)	Years per licensee	1 year	Assumption used in this report for indicative purposes
Working hours per year			
All jurisdictions	Hours per licensee	1,800	Assumption based on 7.5 working hours per day, 5 working days per week, 48 working weeks per year

Improved labour mobility

To provide an indication of the potential benefit due to an increase in labour mobility as a result of national licensing, this Decision RIS draws on the work undertaken in this area by the Productivity Commission. For the purposes of this analysis, the following assumptions have been used to calculate an indicative estimate.

Table G.28: Increase in real GDP due to national licensing

Assumption	Unit	Value	Source
Increase in real GDP due to national licensing			
Increase in real GDP due to full labour mobility	%	0.3%	Productivity Commission 2009, <i>Review of mutual recognition schemes: research report</i> , Canberra, p. 73.
Proportion of full labour mobility attributable to national licensing	%	10%	This is a conservative assumption based on the professional judgement of PricewaterhouseCoopers. The aim of this estimate is to provide an indication of the potential impact in the context of mutual recognition, which has partly facilitated labour mobility under the base case.

Table G.29: Real GDP

Assumption	Unit	Value	Source
Real GDP			
National real GDP in 2011	\$	\$1.335 trillion	Australian Bureau of Statistics 2011, Australian national accounts: national income, expenditure and product (gross domestic product, chain volume measures), catalogue no. 5206.0, December, 2012

Table G.30: The property industry as a proportion of real GDP

Assumption	Unit	Value	Source
Proportion of real GDP attributable to the property services industry			
National	%	5.7%	This percentage is based on the total number of property licensees as a proportion of the total number of registered workers employed in Australia. Total employed persons as at March 2012 was 11.49 million, and there are 118,641 property licensees (see licence numbers above). Total employed persons, Australian Bureau of Statistics 2012, <i>Labour force, Australia (Labour force status by sex)</i> , March 2012 catalogue no. 6202.
Registered workers as a percentage of total employed persons	%	18%	Productivity Commission 2009, <i>Review of Mutual Recognition Schemes</i> , Research Report, Canberra, page 48.

Business value-add (capital efficiency)

This benefit relates to the expectation that if reforms lead to more efficient property services – as would be expected if unnecessary licensing burdens are removed – then business will benefit from the value-add generated by a more efficient labour force.

The approach taken is to assume a ratio between the benefits to labour that sells property services and the benefits to consumers buying those services. The ratio of benefits to wages relative to benefits to profits is determined by using the ratio of labour to capital. For the purpose of this RIS, the impact (benefits and costs) to businesses and households that buy property services is assumed to be one-third of the direct impact to licensees, as shown in Table G.31.

Table G.31: Capital efficiency as a proportion of estimated labour efficiency

Assumption	Unit	Value	Source
Capital efficiency as a proportion of estimated labour efficiency			
All jurisdictions	%	1/3 (i.e. 33.33%)	PricewaterhouseCoopers assumption based on Australian Bureau of Statistics 2011, <i>Australian System of National Accounts 2010-11</i> , Cat. No. 5204.0, ABS, Canberra.

Cost of continuing professional development requirements

Table G.32: Fees associated with continuing professional development requirements

Assumptions	Unit	Value	Source
Fees associated with continuing professional development requirements			
NSW	\$ per course	\$199	Real Estate Institute of NSW, Skills to succeed and stay ahead A 12-point CPD course costs \$199
WA	\$ per course	\$147	WA requires professionals to achieve 3 points for mandatory CPD training and 7 points for elective training. The cost of mandatory training is borne by the government through the Consumer Protection Division. The cost of this mandatory training is unidentified and has therefore been excluded from this analysis. Department of Commerce Consumer Protection Division, Compulsory professional development guide, March 2011, p. 10. For the required elective training, the average fee for an online course through Morton Learning is \$149. This is in line with other providers; for example, KAPLAN Professional offers an online course for \$145. An average of these two figures has been taken for this analysis. Morton Learning, Elective CPD Workshops KAPLAN Professional, WA CPD-Elective
Tas	\$ per course	\$245	KAPLAN Professional, TAS CPD The cost of an 8-hour CPD course is \$245.
ACT	\$ per course	\$199	The ACT has advised that the cost in the ACT would be similar to that in NSW. Hence, NSW has been used as a proxy Real Estate Institute of NSW, Skills to succeed and stay ahead A 12-point CPD course costs \$199.

CPD = continuing professional development

Table G.33: Time associated with continuous professional development requirements

Assumptions	Unit	Value	Source
Time associated with continuing professional development requirements			
NSW	Hours	7.5	REINSW, Skills to succeed and stay ahead A course to meet CPD requirements can be completed in one day.
WA	Hours	10	Department of Commerce Consumer Protection Division 2011, Compulsory professional development guide, p. 10 CPD points accrue at 1 point per hour. Ten hours are required to meet 10-point CPD requirements.
Tas	Hours	8	Property Agents Board, Continuing education Property services professionals are required to undertake 8 hours of CPD per year.
ACT	Hours	7.5	The ACT has advised that the cost in the ACT would be similar to that in NSW. Hence, NSW has been used as a proxy. REINSW, Skills to succeed and stay ahead A course to meet CPD requirements can be completed in one day.

CPD = continuing professional development

Changes to frequency of processing for agent's representatives in Victoria

Table G.34: Average duration of employment for real estate employed

Assumptions	Unit	Value	Source
Average time that agent's representatives remain with one employer			
All jurisdictions	Number of years	5.14	Australian Bureau of Statistics 2010, <i>Labour mobility</i> , February, catalogue 6209.0, Table 4, p. 16. Based on the duration spent with employer/business at February 2010 for the 'rental, hiring and real estate services'. A weighted average has been taken based on the number of persons in each duration range, assuming the midpoint of the range, with 15 years assumed for 10+ years.

Change in qualification requirements

Unit time costs – all property services

Table G.35: Time costs associated with undertaking a single unit

Assumption	Unit	Value	Source
Time impact per unit from changed training requirements			
All jurisdictions	Hours	31	Property Training Solutions, Certificate IV in Property Services Swinburne University, Certificate IV in Property Services (Real Estate) TAFE NSW, Certificate IV in Property Services (Real Estate) Course Brochure Calculated by dividing the average number of hours (740) for a Certificate IV in Property Services (Real Estate) through Property Training Solutions, Swinburne and TAFE NSW by the number of units (24).

Real estate agents

Table G.36: Fees associated with diploma training – real estate agents

Assumptions	Unit	Value	Source
Fees associated with diploma training			
SA	\$ per course	\$6,800	<p>Real Estate Training College, Diploma of Property Services (Agency Management) Flyer</p> <p>Course fees are \$2,700 if Certificate IV in Property Services (Real Estate) was undertaken after January 2009. The cost of the diploma is in addition to the cost of undertaking the prerequisite Certificate IV of \$4,100. The total cost to complete a 26 unit Diploma therefore equals \$6,800.</p>
WA	\$ per course	\$5,595	<p>Real Estate Institute of Western Australia, Investment details – diploma</p> <p>Average REIWA course fees for a diploma are \$5,595 (i.e. \$5,340 for members and \$5,850 for non-members). This value is the cost of a full 26 unit course.</p>
Tas	\$ per course	\$5,500	<p>Real Estate Institute of Tasmania, Diploma of Property Services</p> <p>The approximate cost of completing the Diploma via REIT is \$5,500 depending on delivery mode and electives. This value is the cost of a full 26 unit course.</p>
NT	\$ per course	\$5,040	<p>Real Estate Institute of Northern Territory, Course information – Diploma of Property Services (Agency Management) course</p> <p>Course fee of \$1,200 plus a registration fee of \$120. This is in addition to fees for the Certificate IV, which are \$3,600 plus a \$120 registration fee. The total amount to complete a Diploma therefore equals \$5,040.</p>

Table G.37: Fees associated with Certificate IV training – real estate agents

Assumptions	Unit	Value	Source
Fees associated with Certificate IV training			
SA	\$ per course	\$4,100	Real Estate Training College, Sales Course fees for the Certificate IV in Property Services (Real Estate) are \$4,100. Alternatively, a traineeship may be undertaken reducing the cost to the trainee to \$1,500, with up to \$4,000 in incentives provided by government to employers.
WA	\$ per course	\$3,910	Aspire Performance Training, Property management traineeships The Certificate IV in Property Services is offered only as a traineeship in WA. The cost of this program to trainees is unknown; however, employers may receive up to \$4,000 in incentives under some circumstances. Given that the cost is not identified, the average of Certificate IV costs shown above in other jurisdictions has been applied (i.e. average of \$3,720 and \$4,100).
Tas	\$ per course	\$3,910	Real Estate Institute of Tasmania The Certificate IV in Property Services is offered only as a traineeship in Tasmania. Traineeship costs are unidentified, and employers may receive up to \$4,400 in incentives under certain circumstances. Given that the cost is not identified, the average of Certificate IV costs in other jurisdictions has been applied (i.e. average of \$3,720 and \$4,100).
NT	\$ per course	\$3,720	Real Estate Institute of Northern Territory, Course information – Certificate IV in Property Services (Real Estate) course Course fee of \$3,600 plus a \$120 registration fee.

Table G.38: Time savings (diploma versus Certificate IV)

Assumptions	Unit	Value	Source
Number of units no longer required for real estate agents who currently do a Diploma			
All jurisdictions	Number of units	2	A diploma consists of 26 units and a Certificate IV consists of 24 units. For example, see: Diploma: Real Estate Institute of Northern Territory, Course information – Diploma of Property Services (Agency Management) course Certificate IV: Real Estate Institute of Victoria, Licence Course

Property agent representatives

Table G.39: Increased qualification requirements – agent’s representatives

Assumption	Unit	Value	Source
No. of additional units required – agent’s representatives			
Vic	# units	1	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Qualification requirements will increase from 3 to 4 units.

Table G.40: Decreased qualification requirements – agent’s representatives

Assumption	Unit	Value	Source
No. of units no longer required – agent’s representatives			
Qld	# units	3	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011 Qualification requirements will be reduced from seven units to four units
SA	# units	20	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Qualification requirements will be reduced from a 24-unit Certificate IV to four units.
WA	# units	3	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Qualification requirements will be reduced from seven units to four units.
ACT	# units	1	Unpublished data provided by COAG National Licensing Taskforce. Qualification requirements will be reduced from five units to four units.
NT	# units	20	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS proposal for national licensing for property occupations, received May 2011. Qualification requirements will be reduced from a 24 unit Certificate IV to four units.

Table G.41: Unit fee costs – agent’s representatives

Assumption	Unit	Value	Source
Average cost per unit – agent’s representatives			
Vic	\$ per unit	\$227	REIV, Agent’s representative course KAPLAN Professional, VIC agent’s representative program The average cost of a 3-unit course through REIV and KAPLAN is \$680. The average unit cost is calculated by dividing the average course cost by the 3-unit requirement.
Qld	\$ per unit	\$87	REIQ, Property manager REIQ, Salesperson KAPLAN Professional, QLD Certificate of Registration program The average cost of a 7-unit course through REIQ and KAPLAN is \$607. The average unit cost is calculated by dividing the average course cost by the 7-unit requirement
SA	\$ per unit	\$171	Real Estate Training College, Sales Average unit cost calculated by dividing the Certificate IV course cost (\$4,100) by the 24-unit requirement.

Assumption	Unit	Value	Source
WA	\$ per unit	\$115	REIWA Learning, Sales representative registration course information and enrolment pack 2012 KAPLAN Professional, WA registration program sales stream The average cost of a 7-unit course through REIWA and KAPLAN is \$807. The average unit cost is calculated by dividing the average course cost by the 7-unit requirement.
ACT	\$ per unit	\$159	Average of unit fee cost in all other jurisdictions.
NT	\$ per unit	\$155	REINT, REINT Course Information: Certificate IV in Property The cost of a 24-unit Certificate IV is \$3,720. The average unit cost is calculated by dividing the total Certificate IV course cost by the 24-unit requirement.

Strata managing agents

Table G.42: Benefit from decreased qualification requirements – strata managing agent

Assumption	Unit	Value	Source
Fee saved as a result of changed requirements – strata managing agents			
NT	\$ fee	\$1,320	Real Estate Institute of Northern Territory, Course information – Diploma of Property Services (Agency management) course Amount saved by not having to complete extra units for a Diploma-level qualification above a Certificate IV.
Number of units saved as a result of changed requirements – strata managing agents			
NT	No. of units	8	Real Estate Institute of Northern Territory, Course information – Diploma of Property Services (Agency management) course A diploma consists of 26 units, whereas the proposed Certificate IV for strata managing agents consists of 18 units.

Table G.43: Cost of increased qualification requirements – strata managing agent

Assumption	Unit	Value	Source
Additional qualification costs as a result of changed requirements – strata managing agents			
ACT	\$ fee	\$1,995	Australian Salesmasters Training Co Pty Ltd Certificate IV in Property Services (Real Estate) (CPP40307) - License course in ACT
Number of additional qualification units required – strata managing agents			
ACT	No. of units	24	Currently no qualification requirement. Licensees will be required to undertake the 24 units in the Certificate IV.

Auctioneer

Table G.44: Increased qualification requirement – auctioneers only

Assumption	Unit	Value	Source
Additional units required – auctioneers only			
NT	# unit	3	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Auctioneers will be required to undertake three units where currently no requirement exists.
WA	# unit	3	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Auctioneers will be required to undertake three units where currently no requirement exists.

Table G.45: Decreased qualification requirement – auctioneer/agent

Assumption	Unit	Value	Source
No. of units no longer required – auctioneer/agent			
NSW	# unit	21	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Calculated as the difference between completing the current 24-unit Certificate IV Real Estate Agent licence prerequisite and completing the new 3-unit requirement.
Vic	# unit	21	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Calculated as the difference between completing the current 24-unit Certificate IV Real Estate Agent licence and completing the new 3-unit requirement.
Qld	# unit	2	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Calculated as the difference between the current 5-unit requirement and the new 3-unit requirement.
SA	# unit	23	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Calculated as the difference between completing the current 26-unit Diploma Real Estate Agent licence prerequisite and completing the new 3-unit requirement.
Tas	# unit	23	Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011. Calculated as the difference between completing the current 26-unit Diploma Real Estate Agent licence prerequisite and completing the new 3-unit requirement.

Assumption	Unit	Value	Source
CT	# unit	15	<p>Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011.</p> <p>Calculated as the difference between completing the current 18-unit Real Estate Agent licence prerequisite and completing the new 3-unit requirement.</p>

Table G.46: Decreased qualification requirement – auctioneer’s representative

Assumption	Unit	Value	Source
No. of units no longer required – auctioneer’s representatives			
NSW	# unit	1	<p>Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011.</p> <p>Calculated as the difference between completing the current 4-unit requirement for representatives and completing the new 3-unit requirement.</p>
Qld	# unit	4	<p>Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011.</p> <p>Calculated as the difference between the current 7-unit requirement for representatives and the new 3-unit requirement.</p>
SA	# unit	15	<p>Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011.</p> <p>Calculated as the difference between completing the current 17 units required to be a representative and one additional to be an auctioneer (i.e. 18 in total) and completing the new 3-unit requirement.</p>
ACT	# unit	2	<p>Unpublished data provided by COAG National Licensing Taskforce, Technical appendix to Consultation RIS Proposal for national licensing for property occupations, received May 2011.</p> <p>Calculated as the difference between completing the current 5-unit requirement for representatives and completing the new 3-unit requirement.</p>

Table G.47: Average unit cost – auctioneers only

Assumption	Unit	Value	Source
Average unit cost – auctioneers			
NSW	\$ per unit	\$147	<p>KAPLAN Professional, NSW auctioneer’s accreditation</p> <p>Average unit cost calculated as auctioneer course cost (\$295) divided by two units required.</p>
Vic	\$ per unit	\$227	<p>REIV, Agent’s representative course</p> <p>KAPLAN Professional, VIC agent’s representative program</p> <p>Average unit cost calculated by dividing the average REIV and KAPLAN course cost (\$680) by the 3-unit requirement.</p>
Qld	\$ per unit	\$87	<p>Real Estate Industry of Queensland (REIQ), Property manager</p> <p>REIQ, Salesperson</p> <p>KAPLAN Professional, QLD Certificate of Registration Program</p> <p>Average unit cost calculated by dividing the average REIQ and KAPLAN course cost (\$607) by 7-unit requirement.</p>

Assumption	Unit	Value	Source
SA	\$ per unit	\$171	Real Estate Training College, Sale Average unit cost calculated by dividing the Certificate IV course cost (\$4,100) by the 24-unit requirement.
WA	\$ per unit	\$215	Real Estate Institute of Western Australia, Investment details – diploma Average unit cost calculated by dividing the total Diploma course fee (\$5,595) by the 26 units required.
Tas	\$ per unit	\$163	Average unit cost calculated as the average unit cost for other jurisdictions given that Tasmania’s real estate training is only offered through traineeships.
ACT	\$ per unit	\$139	KAPLAN Professional, ACT Certificate of Registration program Real Estate Institute of New South Wales (REINSW), REIACT Certificate of Registration course The average unit cost calculated by dividing the average course cost (\$697) from both REINSW and KAPLAN by 5 units undertaken.
NT	\$ per unit	\$155	Real Estate Institute of Northern Territory (REINT), REINT Course information: Certificate IV in Property Average unit cost calculated by dividing the total Certificate IV course cost (\$3,720) by 24-unit requirement.

Real estate agents that also undertake business agency work

Table G.48: Increased qualification requirement

Assumption	Unit	Value	Source
Additional units required			
Vic	# unit	1	Information provided by the COAG National Licensing Taskforce
Qld	# unit	1	Information provided by the COAG National Licensing Taskforce
SA	# unit	1	Information provided by the COAG National Licensing Taskforce
Tas	# unit	1	Information provided by the COAG National Licensing Taskforce
Proportion of licensees affected			
% of real estate agents that also undertake business agency work	%	2.5%	Information provided by the COAG National Licensing Taskforce. The percentage is based on a NSW proxy of data provided in 2011 (377 licensees undertake both scopes of work divided by 14,939 real estate licensees at the time).
Average unit cost			
Vic	\$ per unit	\$227	Real Estate Institute of Victoria (REIV), Agent’s representative course KAPLAN Professional, VIC agent’s representative program Average unit cost calculated by dividing the average REIV and KAPLAN course cost (\$680) by the 3-unit requirement.
Qld	\$ per unit	\$87	Real Estate Institute of Queensland (REIQ), Property manager REIQ, Salesperson KAPLAN Professional, QLD Certificate of Registration program Average unit cost calculated by dividing the average REIQ and KAPLAN course cost (\$607) by 7-unit requirement.

Assumption	Unit	Value	Source
SA	\$ per unit	\$171	Real Estate Training College, Sales Average unit cost calculated by dividing the Certificate IV course cost (\$4,100) by the 24-unit requirement.
Tas	\$ per unit	\$161.67	Average unit cost calculated as the average unit cost for Vic, Qld and SA given that Tasmania's real estate training is only offered through traineeships.

Removal of requirement to advertise the intention to apply for a licence

Table G.49: Removal of requirement to advertise the intention to apply for a licence

Assumptions	Unit	Value	Source
Removal of requirement to advertise the intention to apply for licence			
WA	\$ per licensee	\$65.50	Department of Commerce, Licensing fees Removal of the advertising fee component of licence application fees (\$65.50).
Tas	\$ per licensee	\$150	Removal of requirement to advertise intent to apply for a real estate licence in the daily newspaper. Estimated price for 10-line advertisement in the <i>Mercury</i> is \$150.00
ACT	\$ per licensee	\$61.40	Removal of requirement to advertise intent to apply for a real estate licence in the daily newspaper (Canberra Times recommended). Casual classified rate per single column line is \$6.14 GST inclusive. It is assumed that there are 10 lines per advertisement.
NT	\$ per licensee	\$44	Removal of requirement to advertise intent to apply for a real estate licence in the daily newspaper. Casual classified rate per single column line in the <i>NT News</i> is \$4.40 GST inclusive. It is assumed there are 10 lines per advertisement.

Changes to personal probity requirements

Table G.50: Changes to personal probity for licensees (excluding agent representatives)

Assumptions	Unit	Value	Source
Changes to personal probity for non-contractors			
NSW	Minutes per licensee	10	Fit and proper checks were identified as a requirement for real estate agents in NSW by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing. It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.

Assumptions	Unit	Value	Source
Vic	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents in Vic by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>
QLD	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents by QLD in their feedback on the CRIS.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>
SA	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents in SA by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>
WA	Minutes per licensee	20	<p>Removal of requirement to provide details of two referees – It is assumed that 20 minutes will be required for an applicant to obtain a passport photo and two written references (PricewaterhouseCoopers, Private security regulations 2005: Regulatory Impact Statement, April 2005, p. 29). We have assumed that two-thirds of this cost is attributable to obtaining 2 written references (i.e. 20 minutes).</p>
Tas	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents in Tas by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>

Assumptions	Unit	Value	Source
ACT	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents in the ACT by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>
NT	Minutes per licensee	10	<p>Fit and proper checks were identified as a requirement for real estate agents in the NT by the COAG National Licensing Taskforce when it undertook a mapping exercise that identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.</p> <p>It is assumed that 10 minutes would be required to consider, disclose or declare any relevant personal probity information. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.</p>

Government communications costs

It is assumed that regulators will incur communications costs associated with the new national licensing framework, just prior to the commencement of the system. A jurisdiction recently undertook a communications exercise with state-based changes to real estate regulations. This communications exercise cost between \$300,000 and \$350,000, based on 22,000 licences and included:

- direct communications (up to two letters)
- metropolitan and regional meetings with licensees (six to ten meetings)
- website content and social media
- temporary call centre staffing
- public information campaign
- industry and public campaign management.

In the absence of other information, it is assumed that similar communication costs will be faced by the larger jurisdictions (New South Wales, Victoria, Queensland and Western Australia) and half of this cost will be incurred by the smaller jurisdictions (South Australia, Tasmania, the Australian Capital Territory and the Northern Territory).

Table G.51: One-off communications costs

Assumptions	Unit	Value	Source
One-off communications costs			
NSW	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012

Assumptions	Unit	Value	Source
Vic	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Qld	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
WA	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
SA	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Tas	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
ACT	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
NT	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012

Government operating costs associated with National Occupational Licensing Authority

The *National Occupational Licensing Authority Budget 2012–2015* as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011 reflects the costs to government of establishing NOLA. These costs were allocated to each jurisdiction (based on agreed percentages).

The costs to government of establishing NOLA will be apportioned to each occupation under national licensing (including the first and second tranche of occupations and any future harmonisation of conduct requirements). It is assumed that the first tranche of occupations (electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics) will be apportioned 50 per cent of these costs. The remaining 50 per cent will be apportioned to the second tranche of occupations; 30 per cent will go to building occupations, valuers and conveyancers and 20 per cent will be apportioned to future reforms such as the harmonisation of the conduct requirement.

In the absence of any other information, it is assumed that there will be three years of transition costs (based on the *National Occupational Licensing Authority Budget 2012–15*¹²⁷) and then ongoing costs associated with NOLA. It is assumed that the fourth-year costs represented in NOLA's budget are representative of the ongoing costs per annum.

Assumptions relating to the expected costs of NOLA, as agreed by the Ministerial Council for Federal Financial Relations include:

- 34 (full-time equivalent) staff (2 APS3, 1 APS5, 14 APS6, 11 EL1, 5 EL2, 1 SES2)
- employee benefits including superannuation of 15.4 per cent and long service leave of 2.6 per cent
- an on-cost multiplier of 1.73
- a one-off establishment cost (incurred in the first year of implementation only) of \$3.05 million

¹²⁷ NOLA costs are based on estimates agreed by SCFFR in April 2012. Further work is underway on establishing a budget for NOLA in the longer term.

- national licensing register costs associated with the implementation of NOLA
- meeting costs.

Table G.52: Government operating costs associated with the National Occupational Licensing Authority

Assumption	Unit	Value	Source
Total costs to government ^a (annual overall licensing authority budget)			
Total cost 2011–12	\$ per annum	\$6,633,724	The cost in 2011–12 is assumed to be a transition cost. Revised draft <i>National Occupational Licensing Authority Budget 2011–12 and 2012–13</i> as at 3 May 2012. Unpublished, provided by COAG National Licensing Taskforce, 8 May 2012. Based on the revised budget value for 2011–12.
Total cost 2012–13	\$ per annum	\$10,752,523	This includes transition costs of \$2,733,542 and ongoing costs of \$8,018,981. Based on estimates in the revised draft <i>National Occupational Licensing Authority Budget 2011–12 and 2012–13</i> as at 3 May 2012 (unpublished, provided by COAG National Licensing Taskforce, 8 May 2012) and the <i>National Occupational Licensing Authority Budget 2012–15</i> as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011 (unpublished, provided by COAG National Licensing Taskforce, 13 March 2012). Based on the estimated budget for 2013–14 in the <i>National Occupational Licensing Authority Budget 2012–15</i> (\$8,412,485), with the addition of the NOLA establishment cost estimated in the revised draft <i>National Occupational Licensing Authority Budget 2011–12 and 2012–13</i> (\$2,340,038).
Total cost 2013–14	\$ per annum	\$8,031,010	This includes transition costs of \$12,029 and ongoing costs of \$8,018,98. <i>National Occupational Licensing Authority Budget 2012–15</i> as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011. Unpublished, provided by COAG National Licensing Taskforce, 13 March 2012. Based on the budget for 2013–14.
Ongoing costs per annum (based on total costs in 2014–15)	\$ per annum	\$8,018,981	<i>National Occupational Licensing Authority Budget 2012–15</i> as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011. Unpublished, provided by COAG National Licensing Taskforce, 13 March 2012. Based on the budget for 2014–15.
Assumed split of government costs by stages of national licensing			
Stage 1	%	50%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 1 includes first tranche of occupations – electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics.

Assumption	Unit	Value	Source
Stage 2	%	30%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 2 includes second tranche of occupations – building occupations, valuers and conveyancers.
Stage 3	%	20%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 3 includes changes to conduct requirements.
Assumed split by occupation (for licensing authority costs to government)			
Property	%	28%	Assumption based on advice from COAG National Licensing Taskforce.
Electrical	%	35%	
Plumbing and gasfitting	%	35%	
Refrigeration and air-conditioning mechanics	%	2%	

^a Note that the model calculations strip out the indexation assumptions beyond 2012 as results are presented in 2012 dollars (real).

Table G.53: Proportion of costs attributable to each jurisdiction

Assumption	Unit	Value	Source
Proportion of National Occupational Licensing Authority operating costs and the IT systems implementation costs attributable to each jurisdiction			
NSW	%	32.77%	Unpublished data provided by COAG National Licensing Taskforce, <i>National Occupational Licensing Authority Budget 2011–12 to 2014–15</i> .
Vic	%	25.13%	
Qld	%	20.48%	
WA	%	10.55%	
SA	%	7.71%	
Tas	%	2.35%	
ACT	%	0%	
NT	%	1.03%	

National licensing register costs

It is estimated that each jurisdiction will incur implementation costs associated with the establishment of the national licensing register.

The estimated costs associated with the modification, upgrade or purchase of jurisdictional administration systems incurred by each jurisdiction in order for it to provide the required data for the national licensing register as well as to accept the national licence number was initially estimated at \$5 million to \$10 million.

Based on advice received from the COAG National Licensing Taskforce, these estimates were reduced to ensure that they only captured the jurisdiction-based implementation costs associated with establishing the national licensing register.

To ensure that the costs were not overestimated, they were reduced by 50 per cent (that is, \$2.5 million to \$5 million), with the lower bound assumed for small jurisdictions. These costs have been apportioned to each occupation under national licensing. For example, the property occupations are apportioned 28 per cent of the costs faced in Victoria (28 per cent of \$5 million = \$1.4 million).

New South Wales has suggested that its estimated costs will be \$2 million due to the new system being based on the NSW Government Licensing System.

Table G.54: Implementation cost of the national licensing register

Assumption	Unit	Value	Source
Implementation cost of the national licensing register			
NSW	\$ per jurisdiction	\$2 million	Assumption based on unpublished data provided by COAG National Licensing Taskforce, <i>COAG NLS Taskforce analysis for the estimated costs to implement the National Licensing Register</i> – July 2011. NSW estimate provided by NSW regulator in February 2012.
Vic	\$ per jurisdiction	\$5 million	
Qld	\$ per jurisdiction	\$5 million	
WA	\$ per jurisdiction	\$5 million	
SA	\$ per jurisdiction	\$3.5 million	
Tas	\$ per jurisdiction	\$3.5 million	
ACT	\$ per jurisdiction	\$2.5 million	
NT	\$ per jurisdiction	\$2.5 million	
Assumed split of government costs by stages of national licensing register			
Stage 1	%	50%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 1 includes first wave of occupations – electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics.
Stage 2	%	30%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 2 includes the second wave of occupations – building occupations, valuers and conveyancers.
Stage 3	%	20%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 3 includes changes to conduct requirements.
Assumed split by occupation			
Property	%	28%	Assumption based on advice from COAG National Licensing Taskforce.
Electrical	%	35%	
Plumbing and gasfitting	%	35%	
Refrigeration and air-conditioning	%	2%	

Attachment H – References

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