

Advice Note – Licence Fee Increase - Rationale

The Board's primary source of income generated by the Board's functions are licence fees. A lesser source of income is also achieved through licence application assessment fees (a fee set by the Board), examination fees and sundry income from bank interest, late fees and fines.

The Board has previously applied to the Tasmanian Government for annual funding from the Property Agents Guarantee Fund (the Guarantee Fund) where the requested amount of funding is based on the (deficit) difference between the expected income less the expected expenses. The Board is aware however that drawing on surplus money from the Guarantee Fund does not allow for a sustainable funding model and it considered that the only true mechanism to achieve sustainable funding for its operations was to review licence fees.

Licence fees

The licence fees, examination fees and late fees are set by fee units prescribed in the *Property Agents and Land Transaction Regulations 2017* (the Regulations).

The number of fee units for each category of licence was implemented at the commencement of the *Property Agents and Land Transactions Act 2005* (the Repealed Act). The value of the fee unit is indexed by government each year. The current value of a fee unit is \$1.65.

The change in licence fee structure was considered necessary as any real change to income was reliant on a change to two licence categories. These categories being real estate agent (P1D2) and property representatives (P4).

Property representatives (P4) are the largest cohort of licence holders and in order for licence fees to have a meaningful impact for the Board's sustainability, the licence fees of property representatives needed to be increased.

The Board considers there is no difference in the administrative or regulatory burden between licence types.

Consultation with Industry Body

The Board considered a number of different licence fee modelling scenarios and after extensive consultation with the Real Estate Institute of Tasmania (REIT) it was determined that a flat licence fee structure was the most suitable.

The change to a flat fee structure achieves licence equality - the functions between the individual licence types of real estate agent and property representative is whether or not the licensee is to be supervised. The level of work regarding sales or management of property is not different i.e. list property, negotiate sale, complete legal documents etc.