

In Confidence

Office of the Minister of Housing

Cabinet Social Wellbeing Committee

Proposed Legislation to Regulate the Property Management Industry

Proposal

- 1 This paper seeks your agreement to develop a Bill to regulate the residential property management sector.
- 2 The introduction of this occupational regulatory system will promote public confidence in the delivery of residential property management services and protect the interests of property owners, tenants, and other consumers.

Relation to Government Priorities

- 3 Regulation of residential property managers supports the Government's commitment to improving the wellbeing of New Zealanders by improving housing outcomes.
- 4 The proposals support the Government's goal in the Government Policy Statement on Housing and Urban Development that all New Zealanders have access to secure, healthy, and affordable housing.
- 5 The proposed legislation will fulfil a Labour Party Manifesto commitment to regulate residential property managers.

Executive Summary

- 6 The proposals outlined in this paper aim to regulate those parties providing property management services to residential property owners; promote public confidence in the delivery of residential property management services; and protect the interests of property owners, tenants, and other consumers by:
 - 6.1 establishing professional entry requirements
 - 6.2 establishing industry practice standards
 - 6.3 providing accountability through a complaints and disciplinary process.
- 7 From February to April this year, Te Tūāpapa Kura Kāinga (the Ministry) held public consultation on a discussion paper canvassing proposals for the regulation of the residential property management sector [SWC-21-SUB-0189 refers]. The consultation process showed broad recognition of the need for

government regulation. There was also broad support for the proposed regulatory model, although different stakeholders suggested various refinements be made.

- 8 Following consistent feedback, I propose adopting a tiered licensing structure that requires both individual residential property managers and residential property management organisations to meet specific training, experience, and practice requirements depending on licence class.
- 9 A key theme in consultation was feedback from tenant groups and property managers that landlords (in the sense of rental property owners managing their own properties) should also be captured by the regime. The focus of the proposed regulatory system is on residential property managers who provide services to a residential property owner, rather than on the property owners themselves. I propose to retain this scope, but in recognition of concerns about compliance among self-managing property owners, I have put forward a proposal to require serially non-compliant landlords to be required to use a property manager. I consider it best to rely on the recently enhanced powers of the residential tenancies regulator to manage non-compliance by landlords who are managing their own properties.
- 10 The consultation also showed a widespread belief that Kāinga Ora would be subject to the regime. Kāinga Ora, along with registered Community Housing Providers (CHPs), are out of scope of the regime as they are landlords. However, the Ministry, Kāinga Ora s 9(2)(f)(iv) have identified a range of actions that Kāinga Ora s 9(2)(f)(iv) will take to ensure that training and entry requirements for public housing tenancy managers align with those of the proposed regime, (f) where relevant and appropriate for the public housing context.
- 11 This paper goes into further detail about the refined overall model in light of the consultation process and feedback received. I am seeking Cabinet's agreement on the final policy proposals.
- 12 It is anticipated the new legislation will complete its passage by mid-2024, commence mid-2025, and come into force mid-2026.

Background

Overview

- 13 The Government is committed to ensuring New Zealanders have access to secure, healthy, and affordable housing. A well-functioning residential tenancies market is a key element of achieving this goal. Almost one third of New Zealand households live in rental accommodation, and housing affordability challenges mean that an increasing proportion of households are expected to need to rent long term.

- 14 It is estimated that there are between 2,096 and 7,881 residential property managers operating in New Zealand¹, responsible for managing around 42 percent of the residential tenancy market. There are, however, currently no occupational regulatory requirements applying to the sector.
- 15 While those property managers that are members of industry bodies – such as the Real Estate Institute of New Zealand (REINZ), the Residential Property Managers Association of New Zealand (RPMA) or the Property Managers Institute of New Zealand (PROMINZ) – abide by the professional standards established by these organisations, the sector as a whole is not required to meet minimum competency and industry practice standards. Key stakeholders have highlighted the risk that the lack of common standards and an accessible, independent, disciplinary and dispute resolution process pose to property owners, tenants and to the reputation of property managers.
- 16 In November 2021, Cabinet agreed to release a discussion paper for public consultation that canvassed proposals for the regulation of the residential property management sector [SWC-21-Min-0189 and CAB -212-Min-0503 refer]. The consultation period extended over a ten-week period from 14 February 2022 to 19 April 2022.
- 17 Submissions have confirmed officials' original assessment that the lack of universal occupational regulatory requirements that apply to residential property managers pose significant risks to: property owners that contract their services, and to tenants and other consumers that are affected by the delivery of their services. The existing means of protection, including industry self-regulation, are insufficient to mitigate the risk of significant harm, and intervention by the Government is required to improve outcomes.
- 18 The proposals outlined in this Cabinet Paper are designed to establish an occupational regulatory system that reflects the core principles set out in the Cabinet Office Policy Framework for Occupational Regulation.
- 19 Stakeholder feedback has led to shifting the balance towards requiring some regulatory elements to be met by residential property management organisations rather than individual property managers, where that is the most cost-effective approach.

¹ MBIE data shows that 2,096 property managers have lodged a bond with tenancy services as at 31 August 2021. This data is based on bonds lodged with tenancy services and may undercount tenancies where the landlord's details are on the bond lodgement, but the property is managed by a property manager. Tenancies where a bond has not been charged are also not captured in this data. 7,881 people indicated they are a property manager by trade in the 2018 Census.

New legislation is required

- 20 I am proposing the introduction of the Residential Property Managers Bill to establish a flexible, durable, and cost-effective regulatory system that will achieve our policy objectives.

Policy Proposals

Purpose and scope

- 21 The proposed regulatory system is intended to promote public confidence in the delivery of residential property management services, and protect the interests of property owners, tenants, and other consumers by:
- 21.1 establishing minimum entry requirements for residential property managers
 - 21.2 ensuring residential property managers meet professional standards of practice
 - 21.3 providing accountability through an independent, transparent, and effective complaints and disciplinary process that applies to residential property managers and the delivery of property management services
- 22 The legislation will provide for the regulation of individual residential property managers (including real estate agents providing property management services) and residential property management organisations. The scope of the regime is to include those who, in the course of business, provide residential tenancy management services to third parties.

Out of scope

- 23 I do not propose including private landlords (including their employees) in the proposed regulatory system. The landlord-tenant relationship is already governed by the Residential Tenancies Act 1986 (RTA) and issues of compliance with, or understanding of, the obligations under the RTA are best addressed through that regime. The proposed system is not intended to further regulate the activities of landlords in either the public or private sector.
- 24 In my view, the increased enforcement powers, and penalties for large-scale landlords (those with six or more properties) that came into force through the RTA Amendment Act in February last year should be allowed to bed in before further regulation of private landlords is considered.
- 25 I do propose, however, a further option for the Tenancy Tribunal to require landlords to have their property managed by a registered property manager if they have been found to be in breach of any of the following sections of the RTA twice or more within a five-year period:

- 25.1 sections 45(1A) or 66I(4) (relating to landlord's responsibilities: cleanliness, maintenance, smoke alarms, healthy homes standards, and buildings, health, and safety requirements):
- 25.2 sections 45(1AB) or 66I(5) (relating to landlord's responsibilities: contaminated premises):
- 25.3 section 54(3) (relating to retaliatory notices of termination):
- 25.4 section 60AA (relating to acting to terminate without grounds):
- 25.5 section 137(2) (relating to contracting to contravene or evade the provisions of the RTA).
- 26 I consider these changes are required in order to provide more proportionate penalties for landlords who do not comply with the Tribunal's orders. The above policy change will mean that their property is managed by someone who is competent to do so.
- 27 I note that proceeding with the above proposal would introduce a new power for the Tribunal under the RTA, and would require this Bill to be an Omnibus Bill.
- 28 Consistent with their existing functions, The Ministry of Business, Innovation and Employment's Tenancy Services group will be responsible for monitoring and maintaining records of landlord non-compliance .
- 29 While the legislation would bind the Crown and capture public sector organisations and employees that deliver residential property management services to third party property owners, it would not cover Kāinga Ora. This is because Kāinga Ora is not providing residential property management services to other property owners. Rather, it is a large public landlord.
- 30 Similarly, the regime will not cover registered CHPs who act as public housing landlords rather than providing property management services to another property owner. Registered CHPs are also already subject to regulation by CHRA.
- 31 However, I recognise the concerns raised about holding residential property managers to different standards than those which apply to employees managing public housing tenancies in Kāinga Ora and registered CHPs. Work is underway to ensure that, where appropriate and practicable, requirements for public tenancy managers align with the standards proposed in this regime. This will include investigating:
 - 31.1 ensuring training requirements are appropriately aligned
 - 31.2 introducing aligned fit and proper person requirements

- 31.3 establishing a Code of Conduct for tenancy management in the public housing sector, aligned where appropriate with the standards expected of licensed residential property managers.
- 32 Likewise, the regulatory system is not intended to capture situations where residential property management activities are carried out with no expectation of payment. While such services would typically not fall within the definition of residential property management, the Ministry will work with the Parliamentary Counsel Office (PCO) to minimise the potential for unintended consequences.
- 33 Commercial property managers would not be subject to regulation. Officials have not seen evidence of significant issues of concern in the commercial property management sector.

Compulsory licensing for both residential property managers and residential property management organisations

- 34 Under the regime, to be employed or trade as a residential property manager (or residential property management organisation), individuals would need to hold a licence issued by the regulatory authority that determines the licensee meets specified licensing requirements. They would also be required to appear on a public register of licensees maintained by the regulatory authority.
- 35 I propose a tiered licensing structure that will allow the regulatory authority to issue different classes of licence. Those licensing classes will include a:
- 35.1 provisional residential property manager class (restricted practice under supervision of a licensed supervisory residential property manager)
 - 35.2 licensed residential property manager class (fully able to practice while employed or contracted by a licensed residential property management organisation)
 - 35.3 licensed Supervisory residential property manager class (able to supervise provisional residential property managers and manage a residential property management organisation)
 - 35.4 licensed residential property management organisation class (able to employ or contract licensed residential property managers and offer residential property management services).
- 36 Appendix A summarises the proposed requirements that apply to each licence class.
- 37 Provision would be made for the mutual recognition of licensed residential property managers under equivalent schemes, in accord with obligations under the Trans-Tasman Mutual Recognition Act (1997), subject to satisfaction of suitable knowledge of New Zealand regulatory requirements.

Training and education requirements

- 38 I propose that the primary legislation enable the making of regulations for minimum qualification and training requirements for each licence class, sufficient to ensure residential property managers have the knowledge and skills to competently discharge their duties.
- 39 The specific vocational education and training requirements will be specified in rules. To aid understanding of the difference between the levels of licence, Appendix A includes indicative examples of the levels of training that may be required.
- 40 The primary legislation should require that before recommending the making of regulations, and/or rules the responsible Minister must be satisfied that the proposed education requirements meet the requirements of the New Zealand Qualifications Framework and that consultation has taken place with the appropriate Workforce Development Council², and with significantly affected parties.

Provision for those operating as property managers at the time the legislation comes into force

- 41 I consider that the regulatory authority should also have the discretion to recognise prior learning and experience of regulated parties already employed as residential property managers at the time the legislation comes into force.
- 42 Arrangements for enabling the recognition of prior learning and experience by the regulator would be included in the rules or regulations, as relevant, and designed to ensure managers who already meet appropriate competency standards are not required to undertake additional training to be recognised as a licensed residential property manager (or other tier of the scheme, as appropriate).
- 43 This may, for example, include transitional provisions that enable existing property managers with a certain number of years' experience and a verifiable record of continuing professional development (CPD) to be exempt from entry level qualification requirements.

Further entry requirements

- 44 In addition to the above qualification requirements, I propose the following further entry requirements

² Six Workforce Development Councils (WDCs) were established in October 2021 through the Reform of Vocational Education (RoVE). WDCs set standards, develop qualifications and help shape the curriculum of vocational education. They have been established under the Education and Training Act 2020, which is administered by the Ministry of Education. [Workforce Development Councils | Tertiary Education Commission \(tec.govt.nz\)](https://tec.govt.nz/workforce-development-councils)

Entry requirement	Description/features
Minimum age requirement of 18 years old	<ul style="list-style-type: none"> • Applicants will have to be at least 18 years old to obtain a residential property manager (RPM) licence. • This proposed age restriction has been considered against the Bill of Rights Act 1990. I consider it is justified, as property managers need to enter into legally binding contracts.
Fit and proper person test	<ul style="list-style-type: none"> • All RPMs must satisfy a fit and proper person test at licensing and each year at licence renewal. • The Chief Executive, General Manager, or equivalent office holder in any residential property management organisation (RPMO) will also need to satisfy a fit and proper person test. One officer³ in each RPMO must also be a licensed supervisory RPM. • The test should take into account bankruptcy, convictions for offences of fraud, dishonesty, theft, harm to children or violence, and other relevant criteria as determined by the regulator. • All officers of an RPMO must be a proper person by reason of character to be an officer.
Industry experience	<ul style="list-style-type: none"> • Applicants for each licence class would need to meet specific industry experience requirements as below: <ul style="list-style-type: none"> ○ To become fully licensed, applicants will be required to have 6 months' industry experience. ○ For a supervisory RPM licence, applicants must have a minimum of 18 months' experience. • Regulator to have discretion to grant a right to practice under a provisional licence, subject to agreed conditions being met.

45 I appreciate that the requirement for on-the-job experience prior to being able to practice unsupervised could present a barrier to entry in some circumstances, particularly in more remote parts of the country where there may be few existing residential property management operations to begin practice with.

46 In these circumstances, I consider there should be discretion for the regulator to grant a right to practice under a provisional licence, subject to agreed conditions being met. Those conditions would include satisfying specified training requirements before commencing trade, and ensuring appropriate mentoring and monitoring arrangements are in place.

³ As per section 4 of the REAA.

Professional and industry practice standards

- 47 I propose that the regime's professional and industry practice requirements be as follows:

Professional and industry practice requirement	Description/features	Provided for in:
Continuing Professional Development (CPD)	<ul style="list-style-type: none">• Licensees to undergo approximately 10 hours' verifiable training per year, to be defined by the regulator.• Content to include (but not limited to) legislative requirements, good practice, relationship management, cultural awareness, ethics, disability awareness, and privacy.	Rules
Code of professional conduct and client care	<ul style="list-style-type: none">• Individual RPMs and RPMOs must adhere to a Code of professional conduct and client care, which will be a reference point for the complaints and disciplinary system.• Regulator to be responsible for developing the Code, in consultation with representatives of affected parties. Content of the Code to include (but not be limited to) commitment to compliance with legislative requirements, ethical conduct, obligations to consumers, maintaining necessary skills, good practice, and adherence to complaints and disciplinary arrangements.	Rules
Trust accounts	<ul style="list-style-type: none">• All RPMOs to operate trust accounts.• Accounts will be subject to an annual audit by a suitably qualified person.	Regulations
Prescribed insurance	<ul style="list-style-type: none">• RPMOs to meet prescribed insurance requirements.	Regulations

- 48 I also consider that the regulator, following appropriate consultation with affected parties and approval by the responsible Minister, should be able to establish any other practice rules that are determined to be necessary to meet the purpose of the legislation.

The regulatory authority

- 49 I propose that the legislation extend the mandate of the Real Estate Agents Authority to act as the regulatory authority for the residential property management sector and be responsible for service design and delivery.
- 50 The Real Estate Agents Authority is a Crown entity monitored by the Ministry of Justice, which currently trades as the Real Estate Authority (REA).
- 51 The public were consulted on two options for the regulatory authority – the REA and MBIE. I consider that the REA, as an independent professional conduct regulator with established processes for overseeing occupational regulation, is better placed than MBIE to act as the regulatory authority. The REA was also the most cost effective of the two options for regulator that were assessed. Submitters' concerns that MBIE would be better placed than the REA to facilitate a seamless complaints resolution process for tenants can be addressed administratively. The Ministry will work with Tenancy Services and the REA to ensure accessible and streamlined entry to, and administration of, the complaints and disciplinary process.
- 52 The REA's legal name will be amended to reflect its broader mandate. The options include:
- 52.1 the Real Estate and Residential Property Management Authority (RERPMA), and
- 52.2 the Real Estate and Property Management Authority (REPMA)
- 53 The membership of the REA's Board will need to change to ensure its members reflect its extended mandate; incorporate appropriate industry and consumer perspectives; and have the competencies required to ensure an appropriate understanding of Te Ao Māori and knowledge of Te Tiriti and Māori perspectives.
- 54 I note that the Real Estate Agents Act 2008 (REAA) provides for a Board of up to seven members, and requires the Minister to consider the need for the authority to represent the views of a broad range of consumer and industry interests. To ensure the Board has the competencies required, I propose that the legislation specify that up to three members appointed to the Board are drawn from the real estate and wider property management industries; and that, when appointing members, the Minister of Housing and the Minister of Justice must be satisfied that the board, collectively, has knowledge of, and experience and expertise in relation to te Tiriti o Waitangi (the Treaty of Waitangi), and Māori perspectives. The drafting for this clause will be discussed with Te Arawhiti's Treaty Provisions Oversight Group and is subject to refinement during the legislative drafting process.

- 55 In practical terms, Ministers – acting through the Ministry of Justice as the Crown monitor of the regulator – would expect to see evidence that the REA's Board ensures the organisation discharges its functions in a manner that delivers equitable outcomes for iwi/Māori as citizens, residential tenants, residential tenancy property owners or residential property managers.
- 56 I propose that officials give further consideration to the implications of the REA mandate extension for monitoring the regulatory authority's performance and the organisation's management and resourcing arrangements, and report back to me.

Regulatory roles and functions

- 57 I propose that the Bill establish the regulator's functions as follows:

Regulatory roles and functions	This includes:
Registrar	<ul style="list-style-type: none"> • Appointing a registrar of the register of licensees.
Education and professional development	<ul style="list-style-type: none"> • Supporting the establishment of education standards. • Ensuring the provision of ongoing professional development services.
Registration and licensing	<ul style="list-style-type: none"> • Establishing, maintaining, and administering a licensing system for regulated parties. • Ensure that a public register of licensees is established and maintained.
Standard and guideline setting	<ul style="list-style-type: none"> • Developing, maintaining, and promoting professional entry and industry practice standards and guidelines..
Information management	<ul style="list-style-type: none"> • Requiring RPMs to provide it with the relevant information to enable compliance oversight and enforcement, and monitoring and evaluation of the RPM sector and regulatory system.
Compliance management	<ul style="list-style-type: none"> • Providing operational policy advice and regulatory design services. • Raising awareness of the regulatory system and promoting the benefits of using licensed RPMs. • Providing information and advice on regulatory requirements to regulated parties. • Providing investigation and audit services to monitor the activities of regulated parties and intervening where appropriate. • Issuing warnings and requiring remedial actions to meet regulatory requirements. This expands on the REA's current powers to model best practice and encourages participants to move towards compliance. • Initiating prosecutions in relation to offences established in enabling legislation.

Fee setting	<ul style="list-style-type: none"> • Setting fees and levies
Complaints and discipline	<ul style="list-style-type: none"> • Establishing and overseeing a process for dealing with complaints relating to the conduct of licensees. • Appointing Complaints Assessment Committees and maintaining a panel of suitable members for the Committees. • Initiating proceedings relating to disciplinary processes under the Act. • Investigating any act, omission, allegation, practice, or other matter that indicates unsatisfactory conduct or misconduct on the part of a licensee.

- 58 The regulator's powers should be aligned with the functions and powers granted to the REA under sections 26 – 30 of the REAA and the functions of the real estate agent regulatory regime outlined under section 12 of the REAA.

Complaints and discipline

- 59 I consider that the regulatory system should incorporate an independent complaints and disciplinary framework, modelled on the framework that applies to real estate agents.
- 60 This framework is intended to address complaints relating to the professional conduct of a residential property manager, or property management organisation, which involves a breach of the legislation or its associated regulations or rules. It may be used by anyone who considers themselves adversely affected or disadvantaged by the conduct of a residential property manager or property management organisation.
- 61 I propose that the Bill provide for a complaints assessment process, consistent with that under sections 74 - 99 of the REAA, including allowing for:
- 61.1 the Registrar to triage complaints;
- 61.2 the Registrar to close low-level complaints, refer the parties to mediation, and/or refer the parties to another agency if appropriate;
- 61.3 where a case may involve breaches of the Act or Rules, or could result in 'unsatisfactory conduct' or 'misconduct', the Registrar to refer the complaint to a Complaints Assessment Committee (CAC).
- 62 The CACs should have the same powers and functions as under the Real Estate Agents regime. These will include (but are not limited to):
- 62.1 procedural matters

62.2 information gathering powers

62.3 complaints resolution, and

62.4 applying to the Tribunal for suspension of a licence

63 The definition of misconduct will reflect the same definition set out in the REAA. CACs can make findings of misconduct and refer cases to the Disciplinary Tribunal to decide on the charge and penalty.

64 The definition of unsatisfactory conduct will also reflect the same definition set out in the REAA and all penalties will be consistent with the REA regime. For 'unsatisfactory conduct', CACs can, amongst others, make an order censuring the licensee, order the licensee to apologise or undergo further training, pay costs or a fine, and/or pay the complainant compensation.

65 I propose that the CACs can order the licensee to pay the regulatory authority a fine not exceeding \$10,000 in the case of an individual or \$20,000 in the case of a corporate organisation.

Independent Disciplinary Tribunal

66 Where the CAC is referred a case it considers could involve 'misconduct', I propose that it then have the power to refer the case on to an independent Disciplinary Tribunal.

67 I propose that the powers of the REA Disciplinary Tribunal, in respect of claims related to property managers, be aligned with those the Tribunal holds in respect of claims relating to real estate agents and include appeals from CACs consistent with the approach in the REAA. This includes the ability to impose a range of penalties, including suspending or cancelling a licence, imposing fines (civil penalties), and ordering the licensee to meet a complainant's costs and/or pay compensation. The suggested civil penalties will be the equivalent of the current real estate agent penalties as set out below:

67.1 the level of fines that can be awarded should be the same as for real estate agents, namely \$15,000 for an individual, and \$30,000 for a corporate body,

67.2 the level of compensation that can be ordered by the Disciplinary Tribunal will be the same as for real estate agents, namely up to \$100,000.

68 I propose that the Disciplinary Tribunal also, on referral from the CAC, be able to take decisions on any compensation payable in relation to 'unsatisfactory conduct' cases.

- 69 I propose that the mandate of the REA Disciplinary Tribunal be extended to enable it to adjudicate on claims regarding the professional conduct of residential property managers and residential property management organisations.
- 70 I propose that the name of the Tribunal be amended to reflect its broader mandate.
- 71 I also propose that the Ministry of Justice continue to provide secretarial services to the expanded REA Disciplinary Tribunal, as necessary.
- 72 In proposing this earlier option, I am mindful of the advice provided by the Ministry of Justice that there are significant policy and operational considerations that led them to recommend the REA Disciplinary Tribunal, rather than the Tenancy Tribunal, as the more appropriate entity to act as the disciplinary body for the residential property management sector. The REA Disciplinary Tribunal has expertise in the housing sector more broadly, and there is no blurring of civil and occupational disputes that might occur if claims were considered by the Tenancy Tribunal.
- 73 The Ministry of Justice also advised that the REA Disciplinary Tribunal has a lighter caseload than the Tenancy Tribunal and could more readily scale up to take on the additional caseload associated with property management disputes.

“No wrong door” for complaints

- 74 I acknowledge concerns raised by tenants and consumer advocacy groups that tenants are more familiar with the Ministry of Business, Innovation and Employment’s (MBIEs) Tenancy Services team and the Tenancy Tribunal.
- 75 To address this, further work will be carried out to ensure a ‘no wrong door’ system for complaints and disciplinary matters, such as investigating the potential for Tenancy Services to act as a clearing house for complaints regarding tenancies (whether for the Tenancy Tribunal or the Residential Property Managers Disciplinary Tribunal).
- 76 In many cases where tenants are raising a complaint, the relevant incident could give rise to complaints under both the proposed regime and the RTA, making a straightforward and well-coordinated complaints clearing system an important consideration.

Offences and Penalties

- 77 I consider there is a need to include a number of offences with appropriate penalties to ensure compliance with the regulatory requirements. These offences will form part of the system’s overall compliance management

framework and complement other features that encourage voluntary compliance or address non-compliance.

- 78 The proposed offences and penalties are intended to be proportionate to the issues of non-compliance they address. They are aligned with those included in similar occupational regulatory systems, such as the REAA.
- 79 I consider that the penalties' maxima are proportionate to the nature of the offence and seriousness of the harm caused and that they will act as a sufficient deterrent to criminal behaviour.
- 80 I propose that the Bill provide for the criminal offences and penalties set out in Appendix B.
- 81 The following offence was proposed in the discussion paper, but has been removed as it is already covered by the Crimes Act:
- 81.1 failing to pay a person lawfully entitled to money received.
- 82 Following advice from the Ministry of Justice, the following proposed offence in the discussion paper is now considered to be a civil rather criminal matter:
- 82.1 failing to notify the regulatory authority of a change in circumstance that would have a material impact on the eligibility to gain or retain registration or a licence (with an associated pecuniary penalty not exceeding \$10,000 in the case of an individual, and a pecuniary penalty not exceeding \$30,000 in the case of a corporate body).

Regulatory Stewardship & Monitoring

- 83 I propose that the Ministry be the regulatory steward for the proposed legislation and advise on the establishment of the regulatory system. It will be responsible for:
- 83.1 providing advice on the development of the primary legislation
- 83.2 leading the development of the enabling regulations and supporting the REA with the establishment of the rules
- 83.3 monitoring and reporting on the performance of the regulatory system
- 83.4 advising the responsible Minister on any changes to the regulatory system to improve its performance.
- 84 I also propose that the Ministry of Justice be responsible for monitoring and reporting on the performance of the REA as the regulatory authority for the residential property management regulatory system, with relevant consultation with Te Tūāpapa Kura Kāinga. This will be an extension of its existing

monitoring function in relation to the REA's regulatory functions under the REAA. It will continue to be responsible for oversight of the REA Disciplinary Tribunal.

Cost Recovery

- 85 I propose that the Bill establish a principles-based framework to enable cost-recovery using a range of methods including levies and fees . The details of cost recovery, including fees and levies, will be established in regulations.
- 86 I propose retaining a mixed model for cost recovery, entailing full cost recovery of some services, partial recovery of others, and no recovery of 'public good' regulatory stewardship costs and initial establishment costs. The regulations will provide for:
- 86.1 CPD training costs being met by residential property managers, through fees paid to approved providers
 - 86.2 the regulator's capital and operating costs being met by residential property managers and property management organisations through an annual operating levy
 - 86.3 a disciplinary levy to be met by residential property managers and residential property management organisations to fund the costs arising from disciplinary proceedings, together with a modest fee to be paid by a complainant for filing an appeal with the Disciplinary Tribunal
 - 86.4 fees for applying for or renewing a licence, and
 - 86.5 the Ministry's regulatory stewardship costs being met by the Crown (from within current budget baselines).
- 87 The principles that will guide the approach to cost recovery will include equity, efficiency, justifiability, and transparency.
- 88 The actual quantum of any fees and levies will be established during the regulatory service design phase. Initial estimates are included in the Regulatory Impact Assessment (RIA) and have informed the development of the associated Cost Benefit Analysis (CBA).
- 89 I propose that an application fee apply for any party wishing to use the Disciplinary Tribunal appeal process. I consider that this fee should be aligned with the current fee charge for lodging appeals with the REA Disciplinary Tribunal. This fee is currently set at \$30.

Regulation-making power

- 90 I propose a range of regulation making powers be included in the Bill in order to develop a regulatory system that is flexible and durable, including powers to enable:
- 90.1 licensing arrangements and the establishment of a public register, including tiered minimum qualification and training requirements for different licence classes and how prior learning and experience can be recognised and factors to be consider when exercising discretion to issue a licence where the usual requirements are not met
 - 90.2 the form and content of relevant documentation
 - 90.3 exempting persons or classes of persons from the requirement to be licensed under the regime
 - 90.4 establish search criteria for the register
 - 90.5 prescribe the changes of circumstance to be notified to the Registrar
 - 90.6 specify how complaints may be made to the regulator
 - 90.7 support an effective Disciplinary Tribunal or prescribe any fees in relation to the functions of the Disciplinary Tribunal
 - 90.8 establish trust account and auditing requirements
 - 90.9 prescribed insurance requirements
 - 90.10 enable cost recovery through fees and levies in accordance with the Bill's cost recovery provisions⁴
 - 90.11 set a disciplinary levy
 - 90.12 prescribe the form that a client's consent must be given in
 - 90.13 prescribing offences regarding non-compliance with any regulations made under this Act, and setting the maximum penalty for each offence, which in the case of an individual may not exceed \$25,000 or in the case of a corporate organisation may not exceed \$50,000
 - 90.14 set time periods for giving notice, making submissions and other matters

⁴ A principles-based regime differs from the REAA approach but is now considered the best practice model for cost-recovery.

90.15 prescribe any other matters necessary for the administration of this Act, or necessary to give it full effect.

- 91 The proposal in 90.3 is proposed to be aligned with the REAA and include similar protections, including that the Minister must be satisfied that there is no material consumer benefit to be gained and there are sufficient processes in place to ensure competent and ethical conduct. I also propose a requirement that the Minister must be satisfied appropriate consultation has occurred before an exemption is made.

Regulatory authority to establish rules following Minister's approval

- 92 I propose the Act also enable the regulatory authority to establish rules covering:

92.1 code of professional conduct and client care, and

92.2 CPD requirements

- 93 These rules are to be made by the authority only after the Minister has approved the proposed rules, in line with the requirements set out below.

Powers of the Minister

- 94 The Minister of Housing will be the responsible Minister for this legislation. The Minister will be responsible for:

94.1 Overseeing the performance of the regulatory system through the Ministry.

94.2 Recommending to the Governor-General that regulations developed under this Act be made, provided that the Minister is satisfied that the regulations are consistent with the purpose of the legislation, and satisfied that appropriate consultation has been undertaken.

94.3 Approving any rules developed by the regulator, provided that the Minister is satisfied that the rules are required to meet the purpose of the legislation, and satisfied that appropriate consultation has been undertaken.

94.4 Approving the delegation of any regulatory authority function or powers to a third party consistent with the Crown Entities Act 2004

94.5 Ensuring the cost recovery arrangements are reviewed from time to time to ensure that they remain appropriate and fit for purpose.

- 95 The Minister of Justice will be responsible for monitoring the expanded REA and REA Disciplinary Tribunal in accordance with the Crown Entities Act 2004.

- 96 The Minister of Justice and the Minister of Housing will be jointly responsible for appointing the REA Board.

Timing

- 97 The establishment of this regulatory system will be a significant undertaking. I propose that the legislation includes transitional arrangements, and a further transitional period of approximately 12 months to provide time for:
- 97.1 regulated parties to meet the legislation's regulatory requirements, and
 - 97.2 the regulatory authority to complete the initial licensing of all regulated parties (with phased renewal dates to smooth the administrative burden associated with this process).
- 98 The transition period will also provide time to build industry and consumer awareness of compulsory licensing requirements.

Impacts

- 99 This section provides an overall assessment of the net benefits of the proposals as well as an assessment of the costs and benefits of the proposed approach on each of the major stakeholders in the property management industry. A more detailed assessment can be found in the associated RIA.
- 100 A CBA of introducing a regulatory system has been undertaken by MartinJenkins, covering monetary and non-monetary factors. MartinJenkins estimate the total regulatory cost inclusive of any budget funding is 2.3 percent of the estimated total value of the residential property management sector. The estimated net present value of the proposed regulatory system is \$10.900 million. The benefit to cost ratio is 1.07:1.

Consultation

- 101 The proposals in this paper have taken account of the public consultation process that took place earlier in the year and further engagement with key stakeholder groups.
- 102 The Ministry sought engagement with key stakeholders through:
- 102.1 A call for submissions. 456 submissions were received from a range of individuals and organisations with an interest in the residential property management sector and the wider residential tenancy market.
 - 102.2 Direct mail to industry associations, tenant and consumer advocacy organisations, national Māori organisations, WAI 2750 claimants, and Māori housing providers.

- 102.3 Hosting a national peak body, New Zealand-wide focus group, and Gisborne focus group workshops in March and participating in a REINZ webinar.
- 102.4 Participating in a hui led by the independent national peak body for Māori housing, Te Matapihi.
- 102.5 Carrying out a social media campaign on Facebook and Twitter to advertise the opportunity to submit.
- 103 The public consultation showed a broad recognition of the need for regulation. Most submissions supported the proposed regulatory model outlined in the discussion paper, although there were differing views on particular features of the model and a number of suggested refinements to improve its efficacy.
- 104 Some submitters observed that while the discussion paper indicated that Māori were over-represented in the residential tenancy market, it did not describe how the proposed regulatory system addressed Māori needs or how Māori would be involved in the governance, design, or delivery of the system. It was raised that engagement with Māori needs to occur in a manner that meets the Crown's obligations under the Treaty of Waitangi.
- 105 Some stakeholders raised concern that potential inclusion of some Māori housing models, for example the provision of papakāinga for whānau, hapū or iwi, might impose an outsized regulatory burden on these services. As outlined above, the regime is not intended to cover situations where landlords (or their employees) manage their own properties, or where property management-type services are provided free of charge. On this basis, officials consider the likelihood of papakāinga being covered by the regime is low. However, it is important that any property owners who do engage the services of a professional property manager benefit from the protections, both for landlords and for their tenants, offered by the proposed regime.
- 106 Further detail on the outcome of the stakeholder engagement process to date and how it has shaped the proposals in this paper is included in the RIA.

Departmental consultation

- 107 The Department of the Prime Minister and Cabinet, Public Service Commission, Treasury, Ministry of Business Innovation and Employment, Ministry of Justice, Te Puni Kōkiri, Ministry for Pacific Peoples, Ministry for Social Development, Land Information New Zealand, Office of the Privacy Commissioner, Te Arawhiti, Parliamentary Counsel Office, and the Real Estate Authority were consulted on this paper.
- 108 Government agencies were generally supportive of the policy proposals outlined in this paper. Officials will continue to work closely with agencies on points of common interest. This will include engaging with REA on the

development of the regulatory authority, with the Ministry of Justice on offences and penalties, and with MBIEs/Tenancy Services group on the triaging of complaints received to the REA Disciplinary Tribunal.

Financial Implications

109 The cost of undertaking the policy work to support the development of the associated regulatory system will be met from the Ministry's baselines. The Act will enable the recovery of direct and indirect costs associated with implementing the proposed Act.

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9(2)
(f)
(iv)

Government	Percentage
Current government	85%
Previous government	15%

§ 9(2)(f)(iv)

Government	Percentage
Current government	85%
Previous government	15%

[illegible]

s 9(2)(f)(iv)

Legislative implications

- 116 I propose the development of new legislation in the form of an Omnibus Bill (the Residential Property Managers Bill).
- 117 The Bill is an Omnibus Bill due to the amendment required to the RTA. That is, it is a bill to amend more than one Act where the amendment deals with an interrelated topic that can be regard as implementing a single broad policy⁵. The Bill will include consequential amendments to the REAA.
- 118 I propose the new legislation regulating the residential property management industry be introduced in 2023.
- 119 The following table sets out indicative target dates for the passage of the Bill and regime implementation:

Milestone	Target Date
PCO drafting	November 2022 – February 2023
Cabinet approves introduction of the draft Bill to Parliament	May 2023
Draft Bill receives First Reading and referred to Select Committee	June 2023
Select Committee report back	Early 2024
Passage completed and Royal Assent	Mid 2024
Regulations gazetted	Mid-late 2024
Commencement	Mid 2025
All provisions in force	Mid 2026

⁵ Standing Order 267(1)(a)

- 120 The proposed legislation is currently Priority 5 on the Government's Legislative Programme for 2022. The Bill will be of medium complexity and large length.
- 121 Once the Bill has been introduced to the House, work will begin on the development of enabling regulations, which will be subject to separate public consultation and RIA processes.

Regulatory impact analysis

- 122 A RIA has been prepared by officials and accompanies this paper.
- 123 HUD's quality assurance panel has reviewed the Regulatory Impact Assessment (RIA) "Regulation of Residential Property Managers" produced by the Ministry and dated 17 October 2022. The panel considers the RIA meets the quality assurance criteria.

Human Rights

- 124 The proposed age restriction of 18 years old to practice as a licensed property manager needs to be justified as it is a limitation of rights based on discrimination of age. I consider this limit is justified, in light of the need for property managers to enter into legally binding contracts.
- 125 None of the other proposals in this paper appear to be inconsistent with the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993. Formal Bill of Rights vetting will be undertaken as part of the process of developing the Bill.

Climate Implications

- 126 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 127 Almost 600,000 households, or one third of New Zealand households, are in rental accommodation. It is likely that a greater proportion of these households will need to rent long term given current housing affordability settings.
- 128 Māori are also more likely to rent than Pākehā, with 52 percent of Māori households renting compared to 35 percent of Pākehā households⁷. As Māori are disproportionately represented in the rental market, they are, therefore, likely to benefit from proposals to reduce the potential for harm to be caused as a result of introducing regulations for residential property managers.

⁷ 2018 Census data

Reducing the opportunity for harm to be caused is essential to ensuring tenants feel safe and secure in the rental market.

- 129 The regulation of the residential property management industry may have positive impacts for people with disabilities, due to the proposal to require residential property managers to undergo training on disability awareness.
- 130 This paper has no gender implications.

Publicity

- 131 I propose issuing a press release to inform key stakeholders and the public of Cabinet's decision to develop new legislation regulating the provision of residential property management services by establishing professional and industry practice standards, and providing accountability through a complaints resolution and disciplinary process.

Proactive Release

- 132 Following Cabinet consideration, I propose proactively releasing this paper in November 2022.
- 133 I will also consider the proactive release of the associated RIA and CBA to provide context to the decisions reached in this paper at that time.

Recommendations

The Minister of Housing recommends that the Committee:

- 1 **Note** that in November 2021, the Cabinet Social Wellbeing Committee directed officials to confirm the case and requirements for introducing an occupational regulatory system for residential property managers and residential property management organisations.
- 2 **Agree** that new legislation is required to promote public confidence in the delivery of residential property management services and protect the interests of property owners, tenants, and other consumers.

Outcomes and objectives

- 3 **Agree** the legislation will establish a compulsory system for licensing that improves the transparency and integrity of the residential property management sector in New Zealand.
- 4 **Agree** that the new legislation should seek to promote public confidence in the delivery of residential property management services and protect the interests of property owners, tenants, and other consumers.

- 5 **Agree** that the objectives of the regulatory system are to regulate those parties providing property management services to residential property owners; promote public confidence in the delivery of residential property management services; and protect the interests of property owners, tenants, and other consumers by:
- 5.1 establishing professional entry standards
 - 5.2 establishing industry practice standards, and
 - 5.3 providing accountability through a complaints resolution and disciplinary process.

Scope

- 6 **Agree** that the regime will apply to people who –
- 6.1. deliver property management services to an owner or other person
 - 6.2. in relation to one or more residential tenancies
 - 6.3. in the course of business.
- 7 **Agree** that the regime will not apply to commercial property managers, property owners (or their employees) acting as landlords for properties that they own or lease, Kāinga Ora, or registered CHPs as the system is not intended to further regulate the activities of landlords in either the public or private sector.

Provision to require serially non-compliant landlords to use a licensed residential property manager

- 8 **Agree** an amendment should be made to the RTA that provides the Tenancy Tribunal with the power to order landlords to use a licensed residential property manager for a designated period if the landlord has been found to be in breach of any of the following sections of the RTA twice or more within a five-year period:
- 8.1. sections 45(1A) or 66I(4) (relating to landlord's responsibilities: cleanliness, maintenance, smoke alarms, healthy homes standards, and buildings, health, and safety requirements);
 - 8.2. sections 45(1AB) or 66I(5) (relating to landlord's responsibilities: contaminated premises);
 - 8.3. section 54(3) (relating to retaliatory notice of termination);
 - 8.4. section 60AA (relating to acting to terminate without grounds);
 - 8.5. section 137(2) (relating to contracting to contravene or evade the provisions of the RTA).

Regulatory Authority

- 9 **Agree** that the Bill require the Real Estate Agents Authority (REA) to perform the functions of the regulatory authority for property managers.
- 10 **Agree** that the Bill mandate the functions and responsibilities of the regulatory authority and enable the regulatory authority to:
- 10.1. establish, maintain and administer the licensing regime for residential property managers and residential property management organisations, including the granting and renewal of licence applications
 - 10.2. recognise licensed residential property managers under equivalent schemes
 - 10.3. have the discretion to grant the right to practice under a provisional licence, subject to agreed conditions being met
 - 10.4. appoint a Registrar of the register of licensees
 - 10.5. ensure the establishment and maintenance of the public register of licensees
 - 10.6. develop practice rules for the Minister's approval that will apply to licensees, including a code of professional conduct and client care and ongoing CPD requirements ;
 - 10.7. support the establishment of appropriate training and education standards to meet competency requirements
 - 10.8. ensure the provision of ongoing professional development services
 - 10.9. set fees and levies
 - 10.10. provide information and advice on regulatory requirements to regulated parties
 - 10.11. develop and provide consumer information on matters relating to the provision of residential property management services
 - 10.12. establish and oversee a process for dealing with complaints relating to the conduct of regulated parties
 - 10.13. appoint Complaints Assessment Committees and maintain a panel of persons suitable to serve as members of Complaints Assessment Committees
 - 10.14. investigate and initiate proceedings in relation to offences under the proposed Act

- 10.15. investigate of its own motion any act, omission, allegation, practice, or other matter which indicates or appears to indicate unsatisfactory conduct or misconduct on the part of a licensee
- 10.16. require residential property managers to provide the regulatory authority with the relevant information to enable compliance monitoring and enforcement, including information required for the monitoring and evaluation of the residential property management sector and of the residential property management regulatory system
- 10.17. provide investigation and audit services to monitor the activities of regulated parties and intervene where appropriate,
- 10.18. issue warnings and require remedial actions to meet regulatory requirements.
- 11 **Agree** that the functions of the Registrar in the REA regime are extended to incorporate carrying out the same functions for the residential property management regime.
- 12 **Agree** the REA's functions and powers with respect to property managers are aligned with the functions and powers granted to the REA under section 12 and 25 – 32 of the REAA, including the powers to audit trust accounts.
- 13 **Agree** that the Minister of Justice and Minister of Housing be jointly responsible for appointing the REA Board.
- 14 **Agree** that the Bill specify that up to three members appointed to the REA Board be drawn from the real estate and wider property management industries.
- 15 **Agree** that when appointing members, the Minister of Housing and Minister of Justice must be satisfied that the board, collectively, has knowledge of, and experience and expertise in relation to te Tiriti o Waitangi (the Treaty of Waitangi), and Māori perspectives.
- 16 **Agree** that the Bill include consequential amendments to the Real Estate Agents Act 2008 in order to give effect to the recommendations above.

Licensing arrangements

- 17 **Agree** that to be employed or trade as a residential property manager or residential property management organisation in New Zealand, individuals will need to hold a licence issued by a regulatory authority that determines the licensee meets specified licensing requirements.
- 18 **Agree** to establish a tiered licensing structure that includes organisations as well as individuals and will allow the regulatory authority to issue different classes of

licence that require different prerequisite qualifications, experience, and other requirements.

- 19 **Agree** that prospective licensees should be a minimum age of 18 in order to qualify for any of the licensing tiers.
- 20 **Agree** that the obligations associated with each licensing class will be established in regulation, and should include:
 - 20.1. qualification and other entry requirements
 - 20.2. meeting a fit and proper person test
 - 20.3. insurance, trust account and audit requirements

Complaints and discipline

- 21 **Agree** that the Bill provide for a complaints and disciplinary system to address complaints relating to the professional conduct of a residential property manager or residential property management organisation.
- 22 **Agree** that Complaints Assessment Committees (CACs) be empowered to consider civil cases that may involve a breach of the proposed Act or associated regulations or rules, or could result in unsatisfactory conduct or misconduct by licensed property managers or property management organisations.
- 23 **Agree** that CACs must consist of a minimum of three members, drawn from a panel maintained by the regulatory authority, and that one of the members has a minimum of seven years' legal experience, and that a chairperson and deputy chairperson are appointed by the regulatory authority.
- 24 **Agree** that the level of fines that CACs can order licensees to pay to the regulatory authority should be the same as real estate agents, namely a fine not exceeding \$10,000 in the case of an individual or \$20,000 in the case of a corporate body.
- 25 **Agree** that the sections of the Real Estate Agents Act 2008 that set out the functions and powers of the CACs be mirrored for the purposes of the residential property management regime with the necessary minor amendments where required to reflect the differences in the regimes.
- 26 **Agree** that the Bill empower an expanded Real Estate Agents Disciplinary Tribunal to perform the functions of the independent disciplinary tribunal, and have the ability to impose a range of penalties, including suspending or cancelling a licence, imposing fines, or ordering the licensee to meet a complainant's costs and/or pay compensation.
- 27 **Agree** that the level of fines that can be awarded should be the same as for real estate agents, namely \$15,000 for an individual, and \$30,000 for a corporate body.

28 **Agree** that the level of compensation that can be ordered will be the same as for real estate agents, namely up to \$100,000.

29 **Agree** that the sections of the Real Estate Agents Act 2008 that set out the powers and functions of the REA Disciplinary Tribunal be mirrored for the purposes of the property management regime with any necessary minor amendments where required to reflect the differences in the regimes.

Offences and penalties

30 **Agree** for the Bill to provide for the criminal offences and penalties set out in Appendix B.

31 **Agree** that the regulatory authority be responsible for prosecuting offences under the legislation.

Stewardship

32 **Agree** that Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (the Ministry) will perform the role of regulatory steward for the residential property management system.

33 **Agree** that the Ministry of Justice will be responsible for monitoring and reporting on the performance of the REA as the regulatory authority for the residential property management system.

Cost recovery

34 **Agree** that the Act establish a principles-based framework to enable cost-recovery using a range of methods including levies and fees, with the details to be established in regulations.

Regulation-making powers

35 **Agree** that the Act provide regulation making powers in order to develop an occupational regulatory system that includes:

35.1 licensing arrangements and the establishment of a public register, including tiered minimum qualification and training requirements for different licence classes and how prior learning and experience can be recognised and factors to be consider when exercising discretion to issue a licence where the usual requirements are not met

35.2 the form and content of relevant documentation

35.3 exempting persons or classes of persons from the requirement to be licensed under the regime

- 35.4 the search criteria for the register
- 35.5 prescribing the changes of circumstance to be notified to the Registrar
- 35.6 how complaints may be made to the regulator
- 35.7 supporting an effective Disciplinary Tribunal and prescribing any fees in relation to the functions of the Disciplinary Tribunal
- 35.8 trust account and auditing requirements
- 35.9 prescribed insurance requirements
- 35.10 cost recovery through fees and levies in accordance with the Bill's cost recovery provisions
- 35.11 setting a disciplinary levy
- 35.12 the form that a client's consent must be given in
- 35.13 time periods for giving notice, making submission and other matters
- 35.14 any other matters necessary for the administration of this Act, or necessary for giving it full effect.

Authority to be empowered to establish rules following the Minister's approval

36 **Agree** that the Act also enable the regulatory authority to establish rules, following the Minister's approval of the proposed rules, in accordance with the specifications in the Bill and regulations that cover:

- 36.1 professional and industry practice standards, including a code of professional conduct and client care,
- 36.2 CPD requirement.

37 **Agree** that the Act and associated regulations provide for a staged approach to implementation.

Regulatory development

38 **Agree** the Minister of Housing must be satisfied that there has been satisfactory consultation with significantly affected parties prior to any regulations or rules being made.

39 **Agree** the Minister of Housing may recommend minor and technical amendments to regulations or rules without consultation with stakeholders.

Financial implications

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Legislative implications

- 44 **Authorise** the Minister of Housing (where appropriate in consultation with the Minister of Justice) to make any further detailed policy decisions that are consistent with the agreements sought in this paper and are required to implement the new regime.
- 45 **Authorise** the Ministry to work with Parliamentary Counsel Office to develop provisions approved by the Minister under the delegated authority in recommendation 47.
- 46 **Invite** the Ministry to issue drafting instructions to Parliamentary Counsel Office to give effect to recommendations 1 to 39.
- 47 **Direct** the Ministry to review the effectiveness of legislation relating to the establishment of an occupation regulatory system five years after the related regulations come into effect.

Next steps

- 48 **Agree** that the draft Bill be referred to Cabinet Legislation Committee in May 2023 for approval to introduce it to Parliament.
- 49 **Agree** that a Bill to regulate the residential property management sector be introduced to Parliament no later than June 2023.

50 **Agree** that the Ministry may publish a copy of this Cabinet paper and the associated RIA on its website having regard to the objectives of the Official Information Act 1982.

Authorised for lodgement

Hon Megan Woods

Minister for Housing

Appendix A: Proposed Licensing Classes

Proposed Residential Property Management Licensing Class Requirements				
	Provisional Residential Property Manager (RPM)	Licensed Residential Property Manager	Licensed Supervisory Residential Property Manager	Licensed Residential Property Management Organisation
Conditions	Licensed to provide prescribed RPM services under supervision of a licensed supervisory RPM	Licensed to provide RPM services	Licensed to provide RPM services, supervise provisional RPMs and manage a Residential Property Management Organisation (RPMO)	Licensed to operate as a RPMO, employ RPMs, and deliver RPM services
Entry Standards	18 years of age Completion of basic training (e.g. 2 days) Satisfies fit and proper person test	18 years of age Completion of intermediate training (e.g. 5 days) 6 months vocational experience Satisfies fit and proper person test	18 years of age Completion of higher qualification (e.g. National Certification in Property Management (Level 4)) 18 months vocational experience Satisfies fit and proper person test	Directors satisfy fit and proper person test The RPMO demonstrates it has the capability and capacity to operate in accord with the Code of professional conduct and client care and meet industry practice standards
Practice Requirements	Abides by Code of professional conduct and client care. Abides by industry practice standards, including use of trust accounts and provision of information required by the regulator. Meets continuing professional development (CPD) requirements. Renews licence annually.	Abides by Code of professional conduct and client care. Abides by industry practice standards, including use of trust accounts and provision of information required by the regulator. Meets CPD requirements. Renews licence annually.	Abides by Code of professional conduct and client care. Abides by industry practice standards, including use of trust accounts and provision of information required by the regulator. Meets CPD requirements. Renews licence annually.	Abides by Code of professional conduct and client care. Meets trust account and annual audit requirements. Meets indemnity and public liability insurance requirements for all staff. Abides by industry practice standards, including use of trust accounts and provision of information required by the regulator. Renews licence annually.

Appendix B: Criminal offences and penalties

The Bill will provide for the following criminal offences and penalties:

1. Providing false or misleading information to obtain a licence or register as a residential property manager:
 - in the case of an individual, a fine not exceeding \$40,000,
 - in the case of a in the case of a corporate body, a fine not exceeding \$100,000.
2. Practising as a residential property manager when unregistered or unlicensed (unless exempt from these requirements):
 - in the case of an individual, a fine not exceeding \$40,000,
 - in the case of a in the case of a corporate body, a fine not exceeding \$100,000.
3. Trading as a residential property manager or residential property management organisation and employing or contracting an unregistered or unlicensed person as a residential property manager to provide residential property management services:
 - in the case of an individual, a fine not exceeding \$40,000,
 - in the case of a corporate body, a fine not exceeding \$100,000
4. Failing, without reasonable excuse, to produce financial records or other documents that may be requested by the regulator as prescribed in regulation:
 - in the case of an individual, a pecuniary penalty not exceeding \$10,000,
 - in the case of a corporate body, a pecuniary penalty not exceeding \$50,000
5. Failing to meet obligations in relation to property management transactions that may be specified in primary or secondary legislation such as:
 - failing to hold money in audited trust accounts
 - in the case of an individual, a fine not exceeding \$40,000
 - in the case of a corporate body, a fine not exceeding \$100,000
 - knowingly rendering false financial accounts in their capacity as a licensed residential property manager while employed or contracted by a residential property management organisation

- in the case of an individual, a fine not exceeding \$40,000
 - in the case of a corporate body, a fine not exceeding \$100,000
- 6. Failing to disclose a conflict of interest that results in a licensee or their family member benefiting financially from the licensee's actions:
 - in the case of an individual, a fine not exceeding \$40,000,
 - in the case of a corporate body, a fine not exceeding \$100,000
- 7. Resisting, obstructing, or providing false or misleading information to the regulatory authority when they are investigating a potential breach of the Act:
 - in the case of an individual, a fine not exceeding \$40,000
 - in the case of a corporate body, a fine not exceeding \$100,000
- 8. Failing to comply with a lawful summons of the Tribunal:
 - a fine not exceeding \$1,000
- 9. Acting in contempt of the Tribunal by, for example, wilfully insulting or obstructing a witness or an officer of the Tribunal, interrupting or misbehaving at a sitting of the Tribunal or disobeying any order or direction of the Tribunal in the course of its proceedings:
 - a fine not exceeding \$1,000.