

30 September 2026

Ms Emma Johnston
Secretary to the Committee
Select Committee on the Conduct of Real Estate Professionals in South Australia
Legislative Council, Parliament of South Australia
C/- Parliament House
GPO Box 572
Adelaide SA 5001

Lodged by email to screalestate@parliament.sa.gov.au

Dear Ms Johnston,

Re: Inquiry into the Conduct of Real Estate Professionals in South Australia

The Australian Property Institute (API) welcomes the opportunity to make a submission to the Select Committee on the Conduct of Real Estate Professionals in South Australia.

The API has a respectful relationship with real estate agents and their professional body in South Australia. Our Adelaide office is a tenancy in the premises of the Real Estate Institute of South Australia (REISA).

No part of this submission, and none of our proposals, seeks to diminish the standing of real estate agents. The profession is overwhelmingly made up of honest agents.

Our case rests on the structure of the transaction, not on the character of the people in it. Our proposals are intended to support honest agents and to enhance the standing of their industry by dealing with sharp practice by a minority. Some necessarily apply to every sale. A safeguard that applies only after underquoting is proved cannot prevent it, and a common independent benchmark protects honest agents from being undercut by those who underquote.

Our submission is narrow. We speak to the parts of the terms of reference where valuation evidence and professional standards bear on consumer outcomes: underquoting, inaccurate appraisals, the estimates that anchor advertised prices, and the dispute and disciplinary settings that sit behind them. We do not comment on the commercial practices of agents generally, and we take no position on matters outside our members' expertise.

Our central point is simple. Many of the harms the Committee is examining begin with a price opinion. In South Australia, the opinion that anchors a residential sale campaign is usually formed by the agent who is paid on the result. The law regulates how that figure is advertised. It says much less about how the figure is formed, what evidence supports it, and who checks it.

The API would welcome the opportunity to give oral evidence and asks that this submission be treated as our expression of interest in doing so.

1. About the Australian Property Institute

The API is the peak professional body for property valuers and property advisory professionals in Australia. Founded in 1926, the API had 7,970 members nationally at 31 August 2026, with members practising across South Australia. Our members include Certified Practising Valuers

(CPV), Certified Practising Valuers (Residential) and Residential Property Valuers (RPV), who must comply with the International Valuation Standards (IVS 2025), the API's professional standards and guidance, and the API Rules of Professional Conduct.

The API operates a Professional Standards Scheme through Australian Property Institute Valuers Limited (APIV), registered with the Professional Standards Councils. The 2026 to 2031 scheme commenced on 1 September 2026. Scheme members must hold professional indemnity insurance that meets the APIV Insurance Standards and must maintain risk management and continuing professional development obligations.

In July 2024 the API made a submission to Consumer and Business Services on the draft Land Valuers Regulations 2024, which updated the qualifications required to carry on business as a land valuer in this State from 1 September 2024. We recommended that those qualifications be linked to membership and certification with a professional body that enforces valuation standards, continuing professional development and a disciplinary process. The Regulations as made include membership of the API holding CPV, CPV (Residential) or RPV certification among the prescribed qualifications (regulation 4(d)).

2. Why valuation matters to this inquiry

Buyers, vendors and renters make decisions on the strength of price signals. An advertised price guide, an agent's appraisal, an estimated selling price in a sales agency agreement and an advertised rent are all price signals. When they are wrong, consumers waste money on inspections, building reports and finance approvals, set unrealistic expectations, or commit to a price they cannot sustain.

A price signal is only as reliable as the evidence and the independence behind it. A valuation prepared by a qualified valuer under IVS 2025 must be objective, impartial and free from bias (IVS 100 Valuation Framework) and supported by documented market evidence. IVS 104 (Data and Inputs) requires the source, selection and use of significant data and inputs to be explained, justified and documented, and IVS 106 (Documentation and Reporting) requires the basis, inputs and reasoning to be recorded and reported. API Standards Series No. 6 notes that, in a property transaction, a valuer providing independent valuation services is often the only party without a direct financial interest in the outcome. API members are also bound by the API Rules of Professional Conduct (which themselves are based on the International Valuation Standards), which require them to maintain the strictest independence and impartiality and to identify and disclose any conflict of interest. A valuer who breaches these obligations is exposed to professional discipline and to liability for negligence.

An agent's appraisal is a different product. It is a market opinion given to win or run a listing, by a person whose remuneration depends on the sale. That incentive runs in two directions. An estimate can be pitched high to win the listing and revised down later, and an advertised price can be pitched low to draw buyers and build competition. Vendors and buyers both bear the cost. That does not make every appraisal wrong. It does mean the appraisal is not a valuation, is not held to valuation standards, and should not be presented to consumers as if it were.

3. Technical observations



The adequacy of existing regulation (terms of reference (a) and (c))

3.1 South Australia already anchors the advertised price to a documented estimate. Under section 20(1) of the Land and Business (Sale and Conveyancing) Act 1994, a sales agency agreement for residential land must state the agent's genuine estimate of the selling price and the price sought by, or acceptable to, the vendor, each as a single figure. Under section 20(2), before the agreement is made the agent must give the vendor details of sales of comparable land and any other information the agent relies on to support the estimate. Section 24A then sets a prescribed minimum advertising price, being the greater of those two figures. Any advertised price must not be below it, and any range must not have an upper figure more than 110 per cent of the lower figure. The maximum penalty is \$20,000 or one year's imprisonment, and an agent who breaches section 24A cannot demand or receive commission. These are sound foundations.

3.2 The evidence goes to the vendor, not the buyer. The comparable sales supporting the estimate must be given to the vendor under section 20(2), but nothing requires them to be shown to prospective purchasers. A buyer sees an advertised figure or range but not the evidence behind it, so cannot judge whether the figure is realistic before spending money on inspections, building reports and finance. Victoria now requires a buyer-facing Property Price Statement, and New South Wales will require a Statement of Information (see 3.8 and 3.9).

3.3 There is no prescribed method for choosing comparable sales. Neither the Act nor the Land and Business (Sale and Conveyancing) Regulations 2025 say how many comparable sales must be given, how recent or how close they must be, or how the agent is to deal with thin markets. An estimate can comply with section 20(2) while resting on a small or selective set of sales. A regulator investigating an underquoting complaint then has no benchmark against which to test the estimate.

3.4 The estimate does not have to move with the evidence. Section 24A ties the minimum advertising price to the figures in the current sales agency agreement. We have not identified any provision in the Act or the 2025 Regulations requiring the estimate to be revised when the vendor rejects an offer, or when a bid at auction exceeds it. Once that happens, the estimate no longer reflects what the agent knows about the market, yet it continues to set the floor for advertising. Sections 20(5a), 20(6f) and 24J(1)(ba) address a different risk at auction: the price sought by the vendor cannot be increased during the agreement's term by varying, or terminating and remaking, the sales agency agreement, and the reserve cannot exceed 110 per cent of that price. Section 20(9) requires an agent to keep a copy of each sales agency agreement and any variation of it, and section 37A requires those records to be kept for five years. We have not identified an equivalent requirement for the comparable sales material given to the vendor under section 20(2), which makes the estimate hard to test after the campaign ends. For valuers, keeping the evidence behind an opinion of value is core practice: Rule 8 of the API Rules of Professional Conduct and IVS 106 (para 20.04) both require it.

3.5 South Australian law already uses independent valuation to manage agent conflict. Section 24E of the Act requires an agent, in prescribed circumstances involving a conflict of interest, to arrange at the agent's expense a formal written valuation by a person authorised to carry on business as a land valuer under the Land Valuers Act 1994 and approved by the Commissioner, and to give the vendor a copy. Regulation 23 of the 2025 Regulations limits those circumstances to cases where the agent made unsolicited contact with the owner and negotiations begin without the land being advertised to the public. Regulation 25 similarly allows the Commissioner to refuse

approval for an agent to obtain a beneficial interest in land unless such a valuation has been obtained. The principle is already in the State's law: where the agent's interest may conflict with the client's, an independent valuer provides the check. The question for the Committee is whether that principle should apply more widely. The API submits that it should apply to every residential sale (see 3.10 and R7).

3.6 The law recognises that appraisals are relied on, but consumers cannot tell an appraisal from a valuation. Section 24G(11) of the Act treats an agent as appraising land when the agent gives advice as to its value in circumstances where the vendor may reasonably be assumed to rely on it. The Act therefore accepts that appraisals are relied on. In our experience, vendors and buyers often describe an agent's appraisal as a valuation, and some marketing encourages that confusion. The Land Valuers Act 1994 prevents a person carrying on business or holding themselves out as a land valuer without the qualifications prescribed by the Land Valuers Regulations 2024. But there is no rule requiring an agent's appraisal, or an automated estimate published on a property platform, to state plainly that it is not a valuation.

3.7 Rent bidding and rental price evidence. Section 52A of the Residential Tenancies Act 1995 requires premises to be offered for rent at a fixed amount and prohibits landlords and agents from soliciting or inviting offers above it. The API supports the transparency of that rule. Our interest is in the evidence it produces. Under section 56, a tenant may apply to the South Australian Civil and Administrative Tribunal to have rent declared excessive, and the Tribunal considers the general level of rents for comparable premises in the same or similar localities. That is a market rent question. Accurate records of agreed rents, and access to independent market rent evidence from qualified valuers, support fair and consistent outcomes.

Regulation in other jurisdictions (terms of reference (b))

3.8 New South Wales has added independent verification. The Property and Stock Agents Amendment (Underquoting and Other Agent Conduct) Act 2026 (NSW), assented to on 29 June 2026, commenced in part on assent. The remaining underquoting reforms, expected to commence later in 2026, require agents to give vendors a reasonable estimated selling price having regard to comparable sales under published guidelines, to prepare a Statement of Information for residential sales and keep it for at least three years, and not to advertise below the estimate or below a rejected offer or auction bid. The provisions already in force allow disciplinary action requiring an agent's estimated selling price to be verified by an independent valuer at no cost to the vendor. The API has engaged closely with NSW Fair Trading on the supporting Regulation, and has asked that mandatory independent pre-sale valuations be considered in the review of the reforms.

3.9 Victoria now requires price disclosure to buyers. Under the Estate Agents Act 1980 (Vic), agents must give a reasonable estimate of the selling price in the sales authority, update it when evidence changes, and publish a statement showing an indicative selling price and comparable sales. Under amendments made by the Consumer Legislation Amendment Act 2026 (Vic), which largely commenced on 1 October 2026, a Property Price Statement replaces the Statement of Information. It must be updated with the sold price seven days after an unconditional sale and kept public for at least 18 months. For auctions and fixed-date sales held from 16 October 2026, the vendor's reserve must be published at least seven days before the sale, or the sale cannot proceed.

3.10 The common gap is independence. Outside the narrow circumstances covered by section 24E in South Australia, every Australian model we are aware of leaves the estimate with the agent.



Victoria's published reserve gives buyers a firm figure before an auction, but it is the vendor's figure, not an independent opinion of value. Better evidence rules improve the estimate, but they do not remove the commission interest of the person making it. New South Wales has recognised this by giving the regulator a power to require independent verification in disciplinary matters. The API's position, put to the New South Wales and Victorian Governments, is that underquoting reforms will be substantially more effective if complemented by mandatory independent pre-sale valuations. The vendor would obtain a full valuation from a qualified valuer with no interest in the transaction before the agency agreement is made, and it would be disclosed to prospective purchasers. It would give buyers, vendors and Consumer and Business Services an objective benchmark against which the estimate can be tested, which the current framework lacks (see 3.3). If independent valuation is the right remedy after underquoting, it is the right safeguard before it.

Dispute resolution and review (terms of reference (d))

3.11 Consumers need to know which regime applies. A consumer who relied on an agent's appraisal has recourse through Consumer and Business Services and, where disciplinary action is taken, the South Australian Civil and Administrative Tribunal. A consumer who relied on a valuation has a different set of avenues: disciplinary proceedings in the Tribunal under the Land Valuers Act 1994, a complaint to the valuer's professional body, and a claim against the valuer's professional indemnity insurance. Confusion between appraisals and valuations (see 3.6) makes it harder for consumers to find the right avenue.

3.12 Professional bodies can complement statutory processes. The API Rules of Professional Conduct apply to all API members, and complaints are dealt with under the API's professional conduct processes, independently of any statutory proceeding. Information sharing between regulators and professional bodies, within privacy limits, helps both identify patterns of conduct.

Matters outside our expertise

3.13 Building faults and rental inspection reports. Valuers are not building inspectors. A valuation generally assumes that the property has no defects beyond those apparent on inspection or disclosed to the valuer, and says so. The API supports full disclosure of known building faults, because non-disclosure affects the accuracy of valuations as well as consumer decisions. We take no position on the specific settings for vendor disclosure or rental inspection reports.

4. Recommendations

These recommendations respond to term of reference (e). Most are directed to making the existing framework work. R7 sets out the API's national position on mandatory independent pre-sale valuations, which the API has also put to the New South Wales and Victorian Governments.

R1 Prescribe, in the Land and Business (Sale and Conveyancing) Regulations 2025, minimum requirements for the comparable sales evidence given under section 20(2): the number of sales, how recent and how close they must be, and a requirement, where recent comparable sales are scarce, to extend the search area or period and record the result before concluding that there are too few comparable sales. Even API's standard for a residential desktop assessment, which involves no inspection, requires at least three comparable settled sales transacted within the previous six months (API Residential Desktop Assessment Supporting Memorandum, sections 6.5 and 6.7).

R2 Prohibit an agent from advertising a price below a written offer the vendor has rejected, or below the highest bid at an auction at which the property was passed in. Require the agent to revise the estimate of selling price, and so the prescribed minimum advertising price under section 24A, to that level, drafted to operate consistently with sections 20(5a), 20(6f) and 24J(1)(ba).

R3 Require agents to keep the comparable sales material given under section 20(2), and the evidence for any revision of the estimate, for the five years that section 37A already applies to records kept under Part 4.

R4 Introduce a buyer-facing statement of information for residential sales, showing the estimate, the comparable sales relied on under section 20(2), and any independent valuation obtained for the property, with its date, the value and the valuer's name and certification. Any suburb median price shown should be a published median from a recognised data provider over a standard 12-month period, state the number of sales it rests on, and carry a plain-English note that it is not an estimate of the likely selling price of the property.

R5 Require any agent's appraisal, and any automated value estimate published to consumers, to state that it is not a valuation and to identify who or what produced it. Prohibit any person who is not qualified under the Land Valuers Act 1994 from describing a price opinion as a valuation.

R6 Extend the section 24E principle. Provide, as a disciplinary outcome, for an agent's estimate to be verified by a qualified land valuer at no cost to the vendor, as New South Wales has done, and review whether the prescribed circumstances in regulation 23 should extend beyond unsolicited, off-market sales.

R7 Legislate for mandatory independent pre-sale valuations of residential land. Before a sales agency agreement is made, the vendor would obtain a full valuation, with an internal and external inspection, from a land valuer qualified under the Land Valuers Act 1994. The valuer would hold API certification as a CPV, CPV (Residential) or RPV, or an equivalent recognised qualification. The valuer would have no financial or personal connection to the agent, the vendor or any prospective purchaser: the valuer could not be an employee, contractor or associate of the selling agent, hold an interest in the property, or receive any fee or benefit contingent on the sale price or outcome. The fee would be agreed in advance. The valuation would be disclosed to prospective purchasers through the statement of information in R4, remain current for 90 days and be paid for by the vendor as a cost of sale. The agent's estimate should not be set below it without documented justification. A full residential valuation typically costs \$440 to \$880 including GST, and a 12-month implementation period would allow the profession to meet the demand.

R8 Provide for market rent evidence from qualified valuers to be received in excessive rent applications under section 56 of the Residential Tenancies Act 1995, including a pathway for a qualified valuer to act as an independent expert on market rent.

R9 Establish information sharing arrangements, within privacy limits, between Consumer and Business Services and the professional bodies, so that conduct involving both agents' appraisals and valuations can be identified and referred to the right body.

R10 Engage the valuation profession in designing guidance and training. The API is willing to help develop guidance with worked examples and training for agents on comparable sales collection and analysis.

5. Conclusion

South Australia's underquoting framework is sound in principle. It already requires a genuine estimate, supporting comparable sales and, in limited cases, an independent valuation. The gaps are in the detail: no standard for the comparable sales, no duty to revise the estimate as the evidence changes, no evidence for buyers, and no clear line between an appraisal and a valuation. Each can be closed with targeted changes to the existing Act and Regulations. Those changes improve the evidence. They do not change who forms the estimate. The API's view is that the remaining conflict is best addressed by mandatory independent pre-sale valuations (R7).

The API would welcome the opportunity to appear before the Committee. For further information, please contact Harriet Warr, General Manager Policy and Standards, on 0474 772 291 or at hwarr@api.org.au.

Yours sincerely



John Winter
Chief Executive Officer
Australian Property Institute Limited