Australian Property Institute Ltd.
ABN 49 007 505 866
ACN 608 309 128

30 October 2026

Regulation Policy
Department of Government Services
1 Macarthur Street
East Melbourne VIC 3002
Lodged by email to regulationpolicyconsultation@dgs.vic.gov.au

Dear Sir or Madam

Re: Implementing Victoria's mandatory building and pest inspection scheme, discussion paper (September 2026)

The Australian Property Institute (API) welcomes the opportunity to comment on the Department of Government Services discussion paper on implementing Victoria's mandatory building and pest inspection scheme. The API is Australia's peak professional body for property valuers, representing over 7,000 members nationally, and is the custodian of professional valuation standards in Australia, aligned with the International Valuation Standards (IVS).

The discussion paper moves Victoria away from buyer beware on the condition of a home. The seller would obtain an inspection report before sale and make it available to every interested buyer, so that buyers no longer pay for duplicate reports on homes they do not buy. The API supports that principle. This submission makes one point, in response to questions 17 and 36: the same principle should apply to the price.

The issue: The discussion paper identifies the conflict at the centre of a seller-led model: the seller's interest in maximising the price of the property against the inspector's interest in giving an accurate view of its condition. The advertised price guide carries the same conflict, with none of the safeguards the paper proposes. It is set by the agent, from the agent's own estimate, and the agent is paid a percentage of the sale price. It is also the figure buyers use to decide which homes are worth inspecting, and so which inspection reports they will ever read. Enforcement aimed at individual agents has not removed that conflict.

The evidence: The API's research report, The Victorian Guide Gap (October 2026), prepared with support from property data firm Homer, compares the first advertised guide with the sale price across Victorian residential sales from January 2021 to August 2026. In the year to June 2026, fewer than half of all homes (42.7 per cent) sold within their first advertised guide, and 67.1 per cent of auction sales landed outside it. Auction guides were consistently set below the sale price, while private sale guides mostly sat above it. The share of homes selling within their guide was 39.6 per cent before the Underquoting Taskforce began in September 2022, 40.3 per cent while it operated and 42.1 per cent since it was made permanent in August 2024. A copy of the report accompanies this submission.

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The solution: The API recommends that a vendor selling a residential property in Victoria be required to obtain an independent valuation before the property is advertised, and that the valuation be disclosed to buyers. It would be provided with the inspection report, as part of the same pre-sale information. Under the API's proposal:

- the vendor obtains the valuation before the agency agreement is signed and before the property is advertised, so that it informs the agent's estimate rather than following it;
- the valuer holds Certified Practising Valuer (CPV) or Residential Property Valuer (RPV) certification, or an equivalent recognised qualification, and is independent of the agent and the agency, the vendor and any prospective buyer;
- the valuation figure is disclosed to every prospective buyer for the duration of the campaign, alongside the Property Price Statement, and the advertised guide may not be set below it without documented justification; and
- the vendor pays for the valuation as a cost of sale. A standard full residential valuation typically costs between $440 and $880, a fraction of what the vendor already pays in marketing and commission.

The independence requirements the discussion paper canvasses for inspectors, including barring inspectors associated with the seller and prohibiting referral fees or commissions between agents and inspectors, mirror those in the API's proposal for valuers. API members must also meet the conflict of interest and impartiality requirements of the API Rules of Professional Conduct. NSW has already accepted the principle: since 29 June 2026, NSW Fair Trading can require an agent to engage an independent valuer to verify its estimated selling prices. If an independent valuation is the right remedy after a breach, it is the right prevention before one.

The API takes no position on the other consultation questions.

If you require any further information, please contact Harriet Warr, General Manager Policy and Standards, at hwarr@api.org.au.

Yours sincerely



Victoria Gracie
Interim Chief Executive Officer
Australian Property Institute Limited

Enclosure: The Victorian Guide Gap (October 2026)