

STEP 1: Summary of RIA

[This summary sheet should be completed for all RIAs to capture key information about the regulatory proposal being brought forward and the options considered.]

Summary of Regulatory Impact Analysis (RIA)			
Department/Office: Property Services Regulatory Authority (PSRA)		Title of Legislation: General Scheme of a Courts Civil Law (Miscellaneous Provisions) Bill	
Stage: Text of Bill		Date: March 2017	
Related Publications: Property Services (Regulation) Act 2011			
Available to view or download at: http://www.psr.ie			
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<p>What policy options have been considered? Please summarise the costs, benefits and impacts relating to each of the option below and indicate whether a preferred option has been identified.</p> <p>1. Do Nothing 2. Introduce legislation</p> <p>Preferred Option: Introduce legislation</p>			
OPTIONS			
	COSTS	BENEFITS	IMPACTS
1	No direct cost	<ul style="list-style-type: none"> Placing a cap on the maximum grant payment of €500,000 from the Compensation Fund in relation to claims on the Fund will ensure the Fund is not wiped out following one significant or several large claims submitted for compensation. Resources available in the compensation fund to meet claims submitted by clients following acts of 	<ul style="list-style-type: none"> Funds available to meet all claims submitted Consumer protection maintained for compensation for clients of dishonest acts by

		<p>dishonesty by licensees.</p> <ul style="list-style-type: none"> In exceptional circumstances, on hardship grounds, the Authority may exceed the maximum grant from the Compensation Fund. 	<p>licensees.</p> <ul style="list-style-type: none"> The Authority in exceptional cases may consider granting a higher amount than the proposed cap to a client of a licensee on hardship grounds
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STEP 2: Description of Policy Context and Objectives

Describe policy context and objectives

1. The objective of this proposed amendment is to cap the maximum grant from the Compensation Fund at €500,000. **AND**
2. In exceptional circumstances, the Authority may make a grant from the Fund in excess of the cap of €500,000 where not to do so would cause hardship on the client(s).
3. The Property Services Regulatory Authority (PSRA) was established under the Property Service (Regulation) Act, 2011. Section 77 of the Act provides for the establishment and administration of a Compensation Fund with section 78 providing where the Authority is satisfied “that a client of a licensee has sustained a loss as a result of dishonest act on the part of the principal officer, employee or agent or former principal officer, employee or agent of that licensee, arising from the provision of property services by or on behalf of the licensee... the Authority shall make a grant to that client out of the Fund.”
4. The compensation fund is funded by the property services sector and currently stands at approximately €2.7 million. The Fund was established to compensate clients for the dishonest acts of property service providers who include Auctioneers, Estate Agents, Letting and Management Agents.
5. The objective of this proposed amendment is to address the risk of exposure of the Fund to a single or a number of large claims. The impact of which could evaporate the Fund, such that the Authority is not in a position to make future grants from the Fund and therefore afford no consumer protection to the client of the property service providers.

STEP 3: Identification and Description of Options

Identify and examine options

The following options were considered:

1. Do nothing

To do nothing would expose the compensation fund for the potential of being wiped out following one substantial or a small number of large claims on the fund. If the fund was wiped out, it would take considerable time to rebuild the Fund as the cost to the sector licensees.

2. Introduce Legislation

The implementation of the amendment proposed in the Bill will protect the Fund from being depleted. By placing a maximum cap payout of €500,000 from the Fund, ensures that consumers can be afforded the intended protection from acts of dishonesty of property service providers should a claim be made.

The majority of claims on the Fund are expected to be well below the proposed capped value of €500,000 and therefore in such circumstances, claims should be able to be met in full from the Fund. However, the risk and concern is with one substantial claim which could significantly erode the Fund leaving the Authority unable to meet additional claims on the Fund.

STEP 4: Analysis of Costs, Benefits and Impacts for ALL Options

Conduct a detailed and rigorous analysis of costs, benefits and impacts using multi-criteria analysis and formal cost benefit analysis where possible.

1. Do Nothing

To do nothing would expose the Fund to one significant or a small number of large claims which could evaporate the fund such that future claims could not be met from the fund at the time a claim is submitted.

2. Introduce Legislation

The implementation of the amendment will protect the Fund from being evaporated in full. By placing a maximum cap payout of €500,000 from the

Fund ensures that consumers can be afforded the intended protection from dishonest property service providers.

The majority of claims on the Fund are expected to be well below the proposed capped value of €500,000 and therefore in such circumstances, claims should be able to be met in full from the Fund. However, the risk and concern is with one substantial claim which could significantly erode the Fund leaving the Authority unable to meet additional claims on the Fund from consumers of licensed property service providers.

Conduct a structured open consultation process. Report on who was consulted, the views raised and respond to these where possible.

The Board of the Authority was engaged, briefed, consulted and sanction received to proceed with the amendment. The Board consists of representatives of the two sector representative bodies, Institute of Professional Auctioneers and Valuers (IPAV) and the Society of Chartered Surveyors of Ireland (SCSI). The Board sanctioned this amendment for inclusion in the Civil Miscellaneous Bill.

STEP 6: Enforcement and Compliance

Examine in detail enforcement and compliance issues for ALL options being considered including who will enforce the proposals and the resources necessary for enforcement.

Section 77(1) of the Property Services (Regulation) Act 2011 provides that the Authority “shall establish, administer and maintain a fund to be known as the Property Services Compensation Fund”. Any amendment to the administration or maintenance of the Fund is vested in the Authority. No additional resources will be required to administer this amendment.

STEP 7: Review

Identify mechanisms for review and performance indicators for ALL options. Outline the data sources which will be used to report on these indicators.

The amendment once introduced will be kept under review to ensure that it is meeting its objectives.

STEP 7: Publication

Publish RIA on Departmental website

The Regulatory Impact Analysis will be published on the Authority's website www.psr.ie