

REIANEWS

ISSUE 20: FEBRUARY 2013



HOPING FOR
COMMONSENSE
TO PREVAIL
UNDER NEW
MINISTER



ALSO IN THIS ISSUE

NATIONAL PANEL FOR
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REIA'S PRE-BUDGET
SUBMISSION FOCUSES
ON FIRST HOME
BUYERS



CONGRATULATIONS

Trish Langberg of South
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Mr Peter Bushby
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the February 2013 edition of REIA News.

With the Budget in May, a federal election called for September 14 and the ongoing fight against the dilution of standards under national licensing, you can be sure that REIA is working tirelessly on the issues that matter to you.

Regarding national licensing, I attended the Interim Occupational Licensing Advisory Committee (OLAC) meeting and once again, the views of our profession and the concerns of consumers were ignored in favour of bureaucrats with no background in property attempting to force us through to meet some artificial deadline.

At OLAC, the National Occupational Licensing Authority (NOLA) outlined advice it would give to the Standing Council on Federal Financial Relations, which will be making

its decision on national licensing in the first half of the year.

REIA argued that the Regulatory Impact Statement (RIS) on which the bureaucrats' views are based, has failed to provide a reasonable case for change. We have continually asked that time be taken to do the analysis comprehensively and correctly so that the best outcome can be achieved. This is why REIA has asked that real estate be put in the second tranche of national licensing with the other property professions.

REIA's Pre-budget submission fights the good fight for first home buyers, whose numbers are at their lowest since 2004. The First Home Owner Grant (FHOG) has been abolished for purchasers of established dwellings in Queensland, New South Wales and South Australia, totally disregarding and disrespecting first home buyers, who overwhelmingly choose to purchase

established dwellings over new ones. See articles in this edition by Policy Manager, Jock Kreitals and Research Officer, Evgeniya Hawthorne.

On a lighter and brighter note, I'm thoroughly looking forward to the 2013 National Awards for Excellence on in the Great Hall at Parliament House in Canberra (quite appropriate in this election year). It's our profession's night of nights and if you have not yet secured your tickets for Thursday March 14, I urge you to do so. Also, if travelling from interstate and in need of accommodation, I encourage you not to leave it until the last minute. Parliament will be sitting and Canberra's Centenary celebrations well underway, so hotel rooms may become scarce. Book your tickets and accommodation via the [REIA website](#) now.

Looking forward to seeing you there.

Mr Peter Bushby
REIA PRESIDENT



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HOPING FOR COMMONSENSE TO PREVAIL UNDER NEW MINISTER

COVER STORY

The CEO of the Real Estate Institute of Australia (REIA), Amanda Lynch, met with the new Minister for Tertiary Education, Skills, Science and Research and Minister for Small Business, Chris Bowen, in Parliament House on February 6th.

Ms Lynch, who is Chair of the Council of Small Business of Australia (COSBOA), discussed small business issues with the Minister, including contract law, competition policy, the roll out of Standard Business Reporting, the need for targeted investment in skills and training and equipping small businesses to take advantage of trade opportunities in our region.

Ms Lynch provided the Minister with a copy of *Counting the Costs*—REIA's response to the Regulation Impact Statement (RIS) Proposal for National Licensing for Property Occupations—and briefed Minister Bowen on the grave concerns held by the Real Estate Institutes about the race to the bottom on standards for the profession.

REIA President Mr Peter Bushby says the real estate profession hopes that the new Minister will bring some common sense and a

fresh pair of eyes to the table when it comes to national licensing.

“The push to meet artificial timelines and pre-determined outcomes has meant our concerns to date have been ignored. REIA has consistently argued on behalf of not only real estate agents, but consumers,” he said.

“The lack of analysis and numerous inaccuracies in the National Occupational Licensing Authority's (NOLA) consultation RIS must not result in our profession being sacrificed on the altar of political expediency.”

“There are numerous issues to be addressed, including commercial licensing thresholds and continuing professional development. If the government forces us into national licensing too early, without these issues rectified, it will have a detrimental effect on consumers and consumer confidence,” added Mr Bushby.

REIA calls upon the government to release the Decision RIS as soon as possible in order for the Treasurers to make a properly informed decision and consult meaningfully with key stakeholders prior to the Standing



Left to right: REIA CEO Amanda Lynch, Minister Chris Bowen and COSBOA CEO Peter Strong

Council of Federal Financial Relations meeting in the first half of the year.

COSBOA says national licensing is a good idea that is being destroyed by stripping real estate of higher standards, continuing professional development and commercial licensing thresholds.

REIA wants the status quo option to be pursued given that the RIS fails to provide a reasonable case for change and it wants real estate moved to the second tranche. This position is supported by public opinion and the overwhelming majority of the 802 RIS response submissions. REIA's full RIS response submission can be found [here](#).



The Hon Bruce Billson MP
with small business owner

THE SHADOW MINISTER
FOR SMALL BUSINESS,
BRUCE BILLSON,
OUTLINED THE
COALITION'S PLAN FOR
SMALL BUSINESS IN
A MATTER OF PUBLIC
IMPORTANCE DEBATE IN
FEDERAL PARLIAMENT
ON 6 FEBRUARY

Mr Billson said the Coalition has a "positive plan...a plan of real solutions."

"Not only is small business front and centre in the thinking of the Coalition but also it is the centrefold. The centrefold of *Our Plan: Real Solutions for all Australians* shows example after example, commitment after commitment, measure and reform after measure and reform about what we need to do to get business back into small business, to restore hope, reward and opportunity."

Mr Billson said the Coalition's plan was to:

- cut the carbon tax to give small business a chance to compete;
- cut red tape;
- improve paid parental leave to put small employers on equal footing with the big behemoth employers and with the public sector;
- streamline the way in which superannuation contributions are handled;

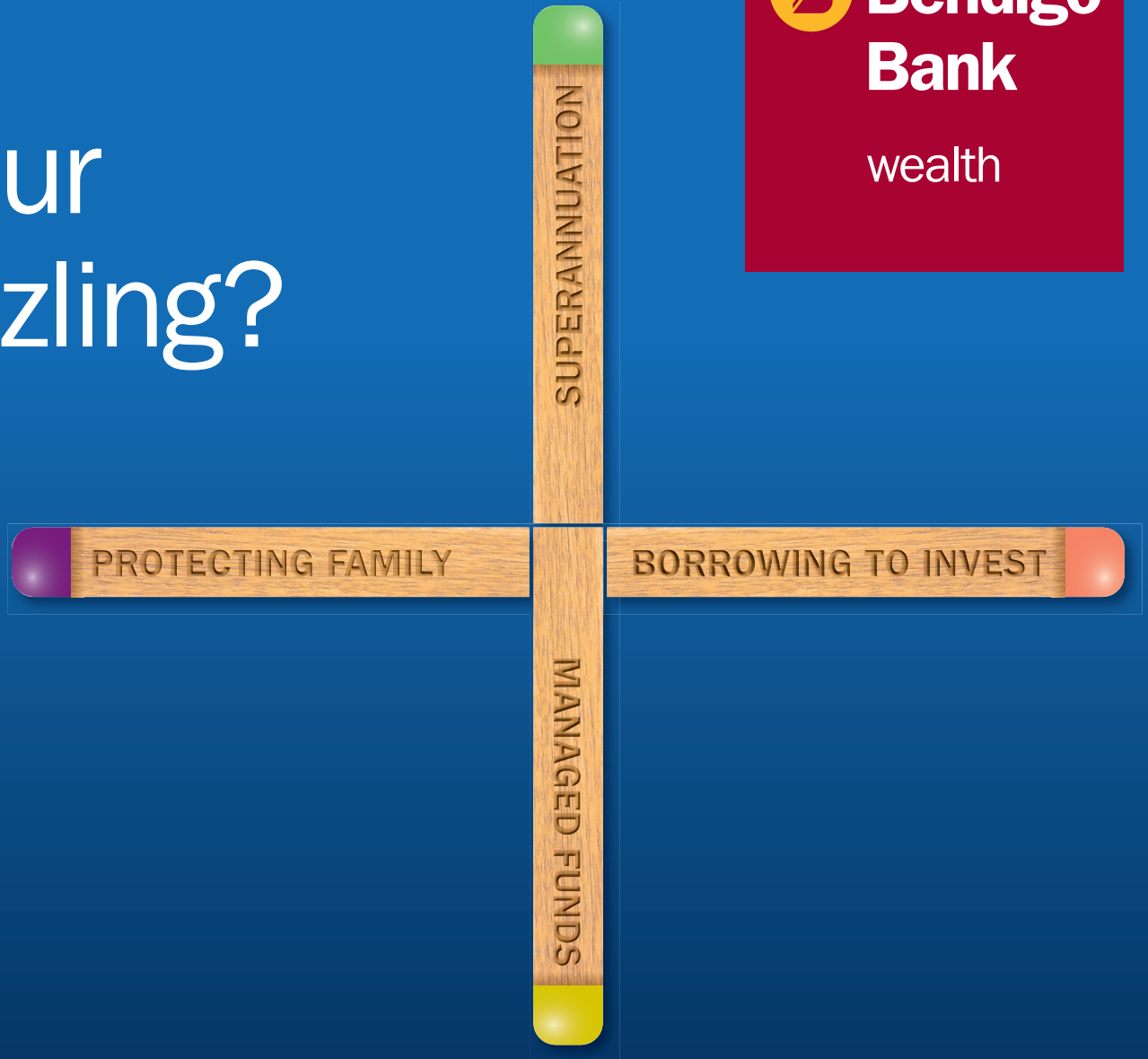
- extend unfair contract protections to small business transactions;
- appoint an ombudsman with real teeth, "not this shingle they have dangled around of a small business commissioner";
- ensure fair treatment of independent contractors "to end this attack on self-employment that is going on under this government";
- have a cabinet level minister;
- achieve representation on key regulatory and economic bodies and
- instigate a long overdue review of the competition laws.

"This is a time when small business needs to be celebrated. It needs to be respected. It needs to be recognised and acknowledged, as it was in the Leader of the Opposition's National Press Club address where he said, 'Thank you'. This was a clear recognition of the men and women of small business who take risks to create opportunities in this country," Mr Billson said.

Do you find managing your finances puzzling?

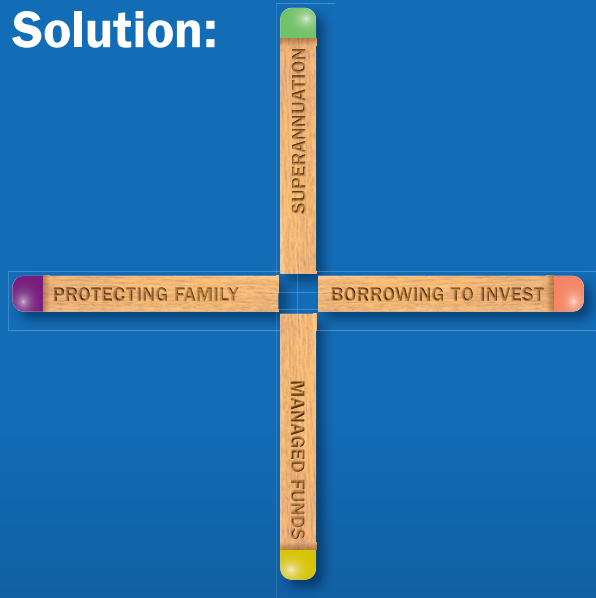
Puzzle:

Move one piece
to make a square.



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(08/12)

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This article is brought to you by REIA
Chief Executive Officer, Amanda Lynch



NATIONAL PANEL FOR ECONOMIC REFORM

REIA CEO Amanda Lynch attended the National Panel for Economic Reform's inaugural meeting in Canberra on 29 January 2013.

The Panel, chaired by the Prime Minister, brings together leaders from the Government, business community, union movement and community sector to develop, agree and champion reforms which will drive long-term productivity growth.

Through its focus on reforms which support long-term productivity, the Panel will advance the national goal of ensuring that Australia's Gross Domestic Product (GDP) per person is in the world's top 10 by 2025. As noted in the *Australia in the Asian Century White Paper* (the White Paper), this goal will be achieved as a result of concerted and coordinated efforts across the entire community. The Panel agreed that this improved economic performance should occur in the context of improving equity, participation and reducing disadvantage. The Government says it will continue to progress productivity-enhancing

reforms across the five pillars of productivity—skills and education, innovation, infrastructure, tax reform and regulatory reform, which all contribute to high-performing and productive workplaces.

On the Deputy Prime Minister's behalf, the Treasury briefed the Panel on the current economic environment.

Australia's economic performance has been underpinned by a robust and flexible macroeconomic framework, the pursuit of policies over more than 30 years that are outward-looking and open to the economic opportunities in our region, and wide-ranging productivity-enhancing structural reforms.

The Panel noted the outlook for the Australian economy and agreed that productivity growth will need to improve in order to sustain growth in Australia's living standards. The Panel also discussed the need for short term fiscal settings to be appropriate for growth and jobs and the importance of maintaining sustainable public finances over the medium term.

NEW HOUSING MINISTER

Mark Butler has been announced as the new Minister for Housing and Homelessness in the latest reshuffle of the Gillard Ministry.

Mr Butler was elected to Federal Parliament in 2007 representing the electorate of Port Adelaide and takes over the portfolio from Brendan O'Connor.

He was appointed to Cabinet in late 2011 as Minister for Mental Health and Ageing, Minister for Social Inclusion and Minister Assisting the Prime Minister on Mental Health Reform.

The new Housing Minister holds a First Class Honours Law degree, an Arts degree and a Masters degree in International Relations.



The Hon Mark Butler MP

Before entering Parliament, Mr Butler worked for 15 years in the Liquor Hospitality and Miscellaneous Union (LHMU) including 11 years as State Secretary. During that time, he served as a member of several government and private sector boards.

In 1997, Mr Butler was elected President of the ALP in South Australia and has been a Member of the ALP National Executive and National Executive Committee since 2000.

On a personal note, Mr Butler lives with his wife and two children, is a keen supporter of Port Power in the AFL and is a big fan of Twitter.



★ CONGRATULATIONS
 Trish Langberg of South Australia, winner of the early-bird prize Balloon flight for two over Canberra



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Column

Property managers, take action!

There is no time like the present to make changes in your property management department, writes Rockend's **John Goddard**

As you read this early in the New Year, I want you to ask yourself a fundamental business question – how important is property management to the overall success of your real estate business?

This is a very important question, as real estate businesses that do not recognise the value of property management – and fail to implement actions to build a better, more efficient and growing business – will place their overall operation at risk.

I make this observation based on two factors: the opinions of leading real estate business owners who understand the value of property management, and the troubled economic times we are in, and will remain in for the next two to three years.

I believe business owners will depend more on property management for cash flow and asset protection during this uncertain period. I noted many of the great points Anthony Toop of Toop&Toop in Adelaide made in the December issue of *Residential Property Manager*, which

illustrate the importance of property management and an engagement in operations for real estate businesses.

Anthony noted that “letting the business run on autopilot” and treating it as a “poor second cousin to sales” resulted in a series of problems that needed major attention.

The first thing he did to regain control was to appoint a property management team leader who he could trust.

This meant they could assess where financial control had been lost, where headcount had increased beyond realistic levels and where the promise of new software had failed to deliver after being implemented three years earlier.

An experienced Rockend consultant provided assistance to turn the business around as soon as Anthony and the team decided to stop using their old software. They set realistic targets while they focused on retaining staff and implementing improved processes.

Not many property management or sales businesses are as large as Toop&Toop,

but the message is the same: Focus on property management and leverage it as a critical part of your business.

Make sure it's a key part of your one-page business plan for 2013. Set clear goals for growth, the development of every team member, the processes you will change and the technology you will use to improve the effectiveness of your business.

Look at your customers and identify how you will build deeper and long-term relationships to retain them. Identify how you will organically grow the rent roll, and if an acquisition is part of your plan, buy wisely.

Recognising the next ‘boom years’ for sales may be some time away, explore how property management and technology can play a bigger role in your real estate business.

Everyone loves the opportunity a New Year presents for change, but few follow through on their January 1 resolutions. If your business is important to you, stand up and take action now! ■

JOHN GODDARD is currently the general manager of marketing and sales at Rockend. In his eight years as Rockend CEO he increased client numbers by 350 per cent and revenues by 500 per cent



This article is brought to you by REIA Manager Policy, Jock Kreitals. Jock can be contacted at jock.kreitals@reia.com.au



REIA'S PRE-BUDGET SUBMISSION FOCUSES ON FIRST HOME BUYERS

In its Pre-Budget submission to the Treasury, REIA has placed a major focus on first home buyers. Despite the interest rate decreases last year, the number of first home buyers is the lowest it's been since 2004.

The graph below shows the number of loans issued to home buyers and the proportion of first home buyers in housing finance commitments from November 2011 to November 2012. During this period, the number of home loans issued to home buyers increased 1.5 per cent while the participation of first home buyers decreased from 20.2 per cent to 15.8 per cent.

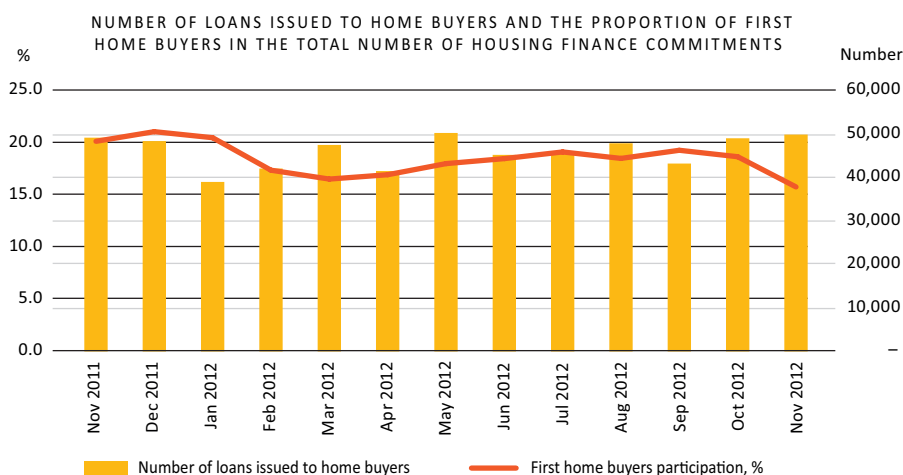
One of the most important housing policy instruments in assisting first home buyers with housing affordability is the First Home Owner Grant (FHOG), which was introduced in July 2000.

As part of the Intergovernmental Agreement (IGA) on the Reform of Commonwealth-States Financial Relations signed in June 1999, the states and territories agreed to provide financial assistance to Australians who are buying their first home through the establishment of the First Home Owner Grant (FHOG). The IGA states that assistance would be "uniform" and that "an eligible home would be

new or established." All states and territories, in signing the IGA, had the clear intention of providing assistance to all first home buyers.

During 2012 however, the Governments of Queensland, New South Wales and South Australia announced that they would only provide the FHOG to purchasers of new property and not to those buying established housing. As a consequence they have requested an amendment to the IGA. Not only is this in breach of the intent of the IGA but it also ignores the evidence that first home buyers have a clear preference for established houses. The Australian Bureau of Statistics (ABS), in its Housing Occupancy and Costs publication, reports that in 2009-10, only 18 per cent of Australian first home buyers with a mortgage were buying new homes with 82 per cent purchasing established dwellings. First home buyers in New South Wales, Queensland and South Australia were above the national average in their preference for established homes at 85.7 per cent, 83.5 per cent and 90.7 per cent respectively.

Another dynamic of the housing market that appears not to have been considered is that in many cases, sales of established homes to first



home buyers lead to purchases of new housing by the sellers. In these cases, the multiplier and employment effects are probably greater than where a first home buyer purchases a new house, as the trade-up buyer generally purchases a larger home than a first home buyer. Furthermore, first home buyers of established homes usually embark on a program of home improvement and renovation.

REIA has strongly urged the Commonwealth Government not to agree to the requests of the Governments of Queensland, New South Wales and South Australia for an amendment to the IGA.

REIA has also asked Government to not only retain the grant but to increase the amount currently provided, as the relative size of the grant has declined markedly in relation to house prices. When the FHOG was introduced in July 2000, the Australian quarterly weighted average median house price was \$220,443. The Australian weighted average median house prices in the most recent quarter for which data is available, September 2012, is \$515,669. The contribution of the grant towards the purchase price has more than halved from 3.2% to 1.4% over the period.

As the Government looks for budget savings, media speculation has already started about the FHOG. First home buyers can be assured that REIA has begun its election advocacy campaign to maintain the grant.

REIA is concerned that the overall level of homeownership in Australia has not shown significant improvements since 1995 and that first home buyers find it increasingly difficult to enter the housing market.

REIA has also urged the Commonwealth Government to: retain the current arrangements for negative gearing of property investments; no Capital Gains Taxes on the family home; no increase in Capital Gains Tax on property investments; removal of stamp duty on property transactions; ensure the Australian Skills Quality Authority (ASQA) funding is adequate to ensure nationally approved quality standards are met for vocational education and training; monitor HAF and NRAS to observe its effects on housing supply and to conduct a review which considers additional measures to bridge the demand - supply imbalance, and; ensure that the National Housing Supply publishes its State of Supply Report in a timely manner.

To view REIA's full Pre-budget Submission, visit [REIA Pre Budget Submission 2013-14.pdf](#)



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INDUSTRY ARTICLE

by Carolyn Majda, Manager,
Terri Scheer Insurance

NEW YEAR BOOT CAMP FOR PROPERTY MANAGERS

NEW YEAR'S RESOLUTIONS DON'T ALWAYS HAVE TO FOCUS ON YOUR WAISTLINE

Initiating a 'property management boot camp' can be a much easier goal to stick to, as it provides ongoing benefits to you and your tenants and may reduce the likelihood of your landlords having to make insurance claims.

The following tips can help property managers start 2013 with a bang:

UPDATE ADMIN

Allocate some time at the start of the year to reviewing your daily routines and think about how they can be improved or streamlined. The benefits of doing so can extend well beyond your office door.

For example, you may realise that you have spent a considerable amount of time in the last year chasing up tenants who have fallen into arrears.

A solution to this problem could be to improve the methods you

use to communicate with your tenants. Consider implementing an automated system which sends a 'friendly reminder' text message to your tenants if they don't pay their rent on the due date.

By immediately alerting your tenants to the situation, you can reduce the likelihood of your landlords having to make an insurance claim for lost rent.

SET YOUR PROFESSIONAL GOALS FOR THE YEAR AHEAD

Where do you see yourself in five years' time? What would you like to know more about? How can you improve your service offering to your landlords and tenants?

There are a range of professional bodies that offer fantastic courses in all areas of property management, including the REI in your state or territory

PLAN AHEAD

Plan in advance when to suggest seasonal maintenance tips to your landlords.

For example, fire alarms should be checked on a yearly basis, gutters should be cleaned before the onslaught of wet weather and bushfire season, and air-conditioners should be serviced prior to summer. Measures should be undertaken to ensure properties are secure prior to the festive season to reduce the risk of them being broken into.

GET UP TO DATE ON LEGISLATION CHANGES

As property managers are aware, residential tenancy legislation can change quite often.

The start of the year can be a good time to get up to speed on legislation changes to help you act in compliance with the regulations in your state or territory.

» *article continues*

UPDATE YOUR
“LITTLE BLACK BOOK”

Property managers frequently deal with tradespeople who provide maintenance services, so it can be a good idea to make contact with the tradespeople you have used and been happy with to confirm their skills and availability, and to obtain updated quotes.

This may help you to feel more certain that there are no problems needing to immediately be addressed—particularly if you need to contact them for emergency maintenance in the near future.

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or call 1800 804 016**

Media contact: Corporate
Conversation, 08 8224 3535

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DISCLAIMER

The information contained in this article is intended to be of a general nature only. Terri Scheer does not accept any legal responsibility for any loss incurred as a result of reliance upon it.

This article is brought to you by REIA Research Officer, **Evgeniya Hawthorne**. Evgeniya can be contacted at evgeniya.hawthorne@reia.com.au



ASSISTING FIRST HOME BUYERS

Considering the social benefits it brings, promoting home ownership should be one of the Government's top priorities. At 67 per cent, Australia has one of the highest home ownership rates in the world. Although it has been around 70 per cent for the last forty years, the overall level of home ownership in Australia has declined and many first home buyers (FHB) find it increasingly difficult to save for a deposit to enter the housing market.

In December 2012, the proportion of FHB in the total number of all housing finance commitments was 14.9 per cent—the lowest since June 2004. The 2012 Mortgage Choice Future First Homebuyer Survey found that for 11.4 per cent of surveyed FHB, the size of deposit was the biggest barrier to purchasing a property. According to the survey, only 16.1 per cent of first home buyers said that they would have 20 per cent deposit.

As part of a package of measures to address the affordability problem, the

Real Estate Institute of Australia has been advocating that FHB have access to their superannuation contributions in order to purchase a home. According to the Association of Superannuation Funds of Australia Superannuation Statistics in 2009–10, the average accumulation for men was \$71,645, for women it was \$40,475 (aged 15–59). Allowing access to superannuation funds would not only help prospective buyers to save faster for a deposit but also decrease the total number of loan repayments over the life of the loan.

Using retirement savings towards buying a home has already proven successful in Canada and Singapore.

In Canada, the Government has established the Canadian Home Buyer's Plan, which allows Canadian first home buyers to withdraw up to \$25,000 from their retirement savings plan, to purchase or build a home.

In Singapore, the Central Provident Fund (CPF)—a social security fund where a portion of an employee's

salary is set aside for retirement, healthcare and housing—is integrated with home ownership through CPF housing schemes. A Housing Development Board (HDB) flat may be bought under the Public Housing Scheme for occupation, or a private property may be purchased under the Residential Properties Scheme for occupation or rental.

Monthly contributions to CPF go into three accounts: ordinary, special and Medisave accounts. CPF ordinary account savings may be used for full or partial payment of the property, as well as to service the monthly housing payments. Stamp duty, legal fees and other costs related to the purchase or mortgage may also be paid using savings in the ordinary accounts.

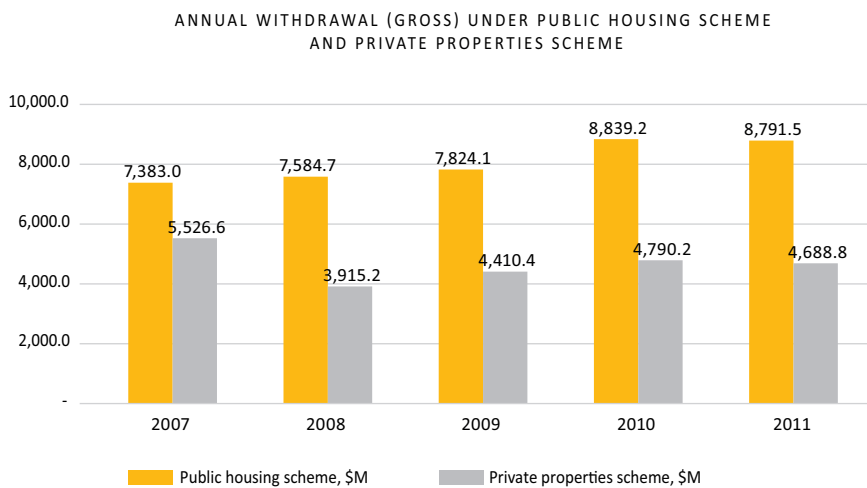
The amount of CPF savings one can access depends on the type of the property and the type of the loan. Buyers need to have saved at least 5 per cent of the purchase price. The table (over page) shows cap to the amount of CPF savings.

» *article continues*

Type of the property	Type of the loan	Cap to the amount of CPF savings allowed to use
New flat from HDB	HDB concessionary loan	Full CPF Ordinary Account (OA) savings
	Bank loan	100% valuation limit* or up to withdrawal limit** if half of the prevailing Minimum Sum met
Resale flat from HDB	HDB concessionary loan	100% valuation limit or up to full OA if half of the prevailing Minimum Sum met
	Bank loan	100% valuation limit or up to withdrawal limit if half of the prevailing Minimum Sum met
Private property	Bank loan	100% valuation limit or up to withdrawal limit if half of the prevailing Minimum Sum met

* Valuation limit is the lower of the purchase price or the market value of the property.

** Withdrawal limit is the maximum amount of CPF beyond the VL that can be used to purchase the property. The withdrawal limit is 120% of the valuation limit.



Source: Central Provident Fund Board, Singapore

Since its introduction in the 1960s, housing schemes have been successfully assisting Singaporeans to purchase their home. In 2011, the home ownership rate in Singapore was 88.6 per cent with over 70 per cent of home owners servicing their housing loans solely with CPF savings.

The figure (adjacent) shows annual withdrawal under two housing schemes in Singapore in 2007–11.

REIA proposes that the Commonwealth Government should establish a scheme to encourage young Australians to increase their superannuation contributions by allowing access to these resources for the purposes of raising a deposit for a first home.

FIABCI PRESIDENT'S REPORT



Chris McGregor in Brussels pictured with Anna Alexandrova and Alexander Romanenko both from St Petersburg and Patricia Delaney, FIABCI Secretary General from Paris.



Chris McGregor

I attended the December meetings held at the Thon Hotel Bristol Stephanie in Brussels. It was the first time I have attended the winter business meetings and it was a great learning experience as the newly elected Australian President.

There were 28 Countries involved with 160 delegates attending and 20 accompanying delegates.

Our past Australian President Robyn Waters was also in attendance representing Australia. Robyn has been appointed President of the membership committee with Marnie Ralph from Tasmania, Vice President. It is great to see two Australians involved on the International committees.

I had a meeting with Yeow Thit Sang who is the Appointed President of the Prix d'Excellence Committee and he is very keen to hear from anyone who believes that we have a suitable development, hotel or new commercial sites etc that would be worthy of being nominated for this prestigious award. He mentioned that a residential unit development in Malaysia that received the award not only achieved excellent sales, but they also sold for 20 percent premium.

Please either contact Yeow on yeowthitsang@gmail.com or myself on chris@mcgregorfn.com if you

believe you know of a property that would be suitable for nomination.

The 64th FIABCI World Congress is going to be held in Taichung Taiwan in May 27–29 in 2013. They have secured almost \$1m in sponsorship which will be put back into the Congress to assist keeping the cost down and I have been assured that is going to be an amazing event. So diarise now. www.fiabci64.tw

I also had the honour of nominating Robyn Waters in Brussels on behalf of the Australian Chapter and REIA for President Elect for 2014–15. We believe that she will do an outstanding job and she has our full support.

Membership renewal was due by the end of January, FIABCI confirmed 64 members for this period.

Don't forget to renew your membership. It is only \$260 to be a member of the International Real Estate Federation. Please contact myself or REIA for more details and I look forward to seeing you at the prestigious REIA National Awards for Excellence on March 14 to be held at Parliament House in Canberra.

On behalf of our Australian Chapter, I wish you all a prosperous 2013.

Chris McGregor

PRESIDENT • FIABCI AUSTRALIA

CONGRATULATIONS BRETT ROENFELDT OAM



Congratulations to Brett Roenfeldt, a member of REISA, on being awarded an OAM during the recent Australia Day Honours service. Brett received an OAM for service to the real estate industry through administrative roles.

REIA President, Peter Bushby said, "Brett is a worthy recipient of this award and a credit to the real estate profession."

Brett's accomplishments include:

- Auctioneer and real estate trainer for 30 years
- Board Member, REISA.
- President, Society of Auctioneers and Appraisers; and Board Member, 1988–1998. Life Member.
- Sales trainer through the Real Estate Training College and the Real Estate Institute, since 1985.
- Assisted in the development of first Code of Conduct for real estate auctions in SA in 1994.
- Winner – REI National President's Award, 2009.
- Winner – State President's Sir Robert Torrens Award REI South Australia, 2008.
- Inaugural inductee into the Hall of Fame, Society of Auctioneers and Appraisers Hall of Fame, 2005.
- Golden Gavel Winner, 1994, 1995, 1996 and 2001; South Australia's top Real Estate Auctioneer Award.

2013: PLANNING FOR THE YEAR AHEAD

Legislation coming into effect this year will bring changes to both businesses and individuals. Here's a heads-up on what can be expected in 2013.

BUSINESS

- From July 1, employers will be required to contribute to the complying super funds of mature age employers, aged 70 and over, with the abolition of the upper age limit for superannuation contributions.
- Employers will also be providing additional information about super contributions on their employees' payslips from July 1. Employers will need to report the amount and expected date of their contributions.
- Although transitional rules will apply until April 2014 for those with existing agreements, the concessional fringe benefit tax treatment of in-house fringe benefits provided by employers under salary sacrifice arrangements came to an end in October last year.

INDIVIDUALS

- The first of the proposed incremental increases to superannuation comes into effect on July 1 2013, lifting the super guarantee rate to 9.25% for the 2013-14 financial year. The super guarantee rate is then proposed to increase every year until reaching 12% on July 1 2019.
- The increase to the tax rate of super contributions for high income earners is due to come into effect on July 1 as well, although is yet to be made law.
- New paid parental leave for Dads came into effect on January 1 this year and provides two weeks of Government funded pay if the Dad or partner (including same sex couples) is an Australian resident, meets the work test, has an adjusted taxable income of \$150,000 or less and is on unpaid leave or not working during the two weeks.

Cleland McFarlane Selth

INDUSTRY UPDATE

Industry news from around Australia



Flood impact on rental properties

The Real Estate Institute of Queensland (REIQ) is currently assessing the impact of the Australia Day floods on its accredited agencies and providing advice and information wherever needed.

REIQ members have also helped any displaced tenants as quickly as possible, providing advice and information to its membership on the rights and responsibilities of landlords and tenants in emergency situations such as these.

Agent disqualified

An ACT real estate agent has been disqualified from applying for an agent's licence for five years by the ACT Civil and Administrative Tribunal.

Between September 2007 and April 2011, the agent is alleged to have breached several sections of the ACT's *Agents Act 2003* (the Act).

On three occasions, the agent failed to deliver funds to the applicable landlord, as directed, which had been paid into the business trust account by tenants occupying a property. In addition, rental moneys collected by the agent had been paid into the agent's general operating account instead of the trust account as is required by the Act.

The agent also failed to lodge rental bonds with the Office of Rental Bonds. Instead, the agent held bond money paid by tenants in the general operating account. As there was insufficient money in the trust account, the agent then drew cheques on the general operating

account for payment of outstanding bond money and money due to the landlords.

For further information visit www.ors.act.gov.au (Industry) or call 6207 3000.

Fraud attempts

The property industry in WA has been warned to be on high alert after recent attempts by overseas criminals to fraudulently sell two WA homes. In separate incidents, real estate agents were approached by fraudsters who successfully changed the contact details of the real owners of the properties, who both lived in South Africa. Copies of documents related to the management of the properties were sent to the fake owners by the agents in both cases. Requests to sell the two properties, valued at \$700,000 and \$800,000, soon followed.

Children have a say

Adelaide real estate agent Jamie Brown said children's opinions of a home were a major factor in whether parents buy or not.

"It's very rare for parents to come through and buy a house without children's input," he said. "Some parents almost need their children's blessing for it, which I think is a nice thing."

He said people's lifestyles had changed and homes with multiple living areas were in demand. "Back in the day you would have had a few formal rooms and a TV or lounge room and everyone would all be shoved in there together," he said.

"Now people want open-plan living but they also want to be able to get away from each other. So I think the floor plan has to work, more so than it used to. I think as a family you'd like to get close to 1000sq m or 800sq m as a minimum and you usually need about 1400sq m to get a house and a pool or tennis court."

Adelaide Advertiser

Words, words, words

Analysis of the 3.78 million words used in selling property on realestateview.com.au in 2012 reveals the different approach used by real estate agents to sell expensive and affordable homes.

REIV Manager of Policy and Public Affairs, Robert Larocca said that real estate agents are experts at selling and through their daily interaction with buyers develop a very good knowledge of what makes a home stand out.

"In Melbourne's million dollar suburbs buyers respond well to terms which highlight the proximity of the home to good schools and the presence of high end features.

"Those looking in the million dollar market clearly want something special so words such as 'Gaggenau', 'European oak', 'coffee machine' and 'premier schools' are very popular.

"A very different approach is taken in the affordable segment where the emphasis is on cost and potential returns for investors. In the affordable segment the most prolific words include 'per week', 'portfolio', 'tenant', 'vacant' and 'possession'.

"The use of the term 'first home buyer' was also popular for homes selling for less than \$400,000."

MAKING NEWS

General national news



2013 Telstra Australian Business Awards

For 21 years now, the Awards have highlighted the achievements of the small and medium business community, including Luton Properties (ACT) and Toop&Toop Real Estate (SA) from the real estate sector. Nominations are now open.

All businesses nominated—they can nominate themselves or you can nominate them—can submit entries from 11 February 2013 until 4 April.

Every year business owners say the rigorous entry process of the Telstra Business Awards is of enormous value. Entering focuses their thinking on their strategic plan and offers the opportunity to reflect on their achievements and where they're going.

In addition to the public accolades and a share in \$500,000 in cash and prizes, many businesses have grown and prospered after being named Awards finalists and winners.

The 2013 Telstra Australian Business Awards have five Award categories:

- Start-Up Award – For businesses with less than 200 employees, that have been operating in Australia for between one and three years and where the business has not been purchased.
- Micro-Business Award – For businesses with five or less employees.
- Small Business Award – For businesses with more than five employees and up to 20 employees.

- Medium Business Award – For businesses with more than 20 employees and up to 200 employees.
- Telstra Regional Award – For the most outstanding regional business located outside the metropolitan areas of the capital cities in each state and territory.

For further information please call the Awards team on 1800 262 323 or visit www.telstrabusinessawards.com

Zero fees

[Adelaide Bank](http://www.adelaidebank.com.au) has cut application fees to zero on its home loans for February. The move applies to the \$375 application fee for new loans and the \$175 application fee for credit increases.

The bank's general manager of third party lending, Damian Percy says, "We saw the RBA figures come out showing that 2012 was probably the lowest credit growth in some decades and December was the lowest month. Those are some fairly depressing figures. This is our contribution to get things kicking along."

"Overall, we're just trying to give brokers something to talk about. We all want a more exciting and vibrant 2013, and we're hopeful that this can spark a little bit of excitement early," he added.

www.adelaidebank.com.au

Good energy

CBD and NABERS have been awarded 'Best Energy Saving Program' at the inaugural Energy Efficiency Council (EEC) Awards. CBD and NABERS received the award in acknowledgement of the material impact both programs have had on the uptake of energy efficiency in the building sector, their encouragement of genuine market transformation in the property sector (by linking the value of energy efficiency to core business), their effective targeting of specific market barriers (inadequate/incomplete access to information and split incentives), and the fact that their combined operation represents world's best practice in energy efficiency disclosure for commercial buildings.

Energy Efficiency Council

Family friendly

Launceston and Canberra have scooped the pool as Australia's most family friendly cities, bumping Melbourne, Sydney and Brisbane to 14th, 23rd and 24th positions respectively, according to a study into the family friendliness of the nation's 30 largest cities.

The study shows that half of the top 10 family friendly cities are not state or territory capitals and instead include the smaller, regional cities of Albury/Wodonga, Toowoomba, and Launceston.

www.theleader.com.au

POLITICAL WATCH

Information and news from government



WA first home buyers

Western Australian first home buyers are returning to the market in droves with the number of people accessing the scheme jumping by 28 per cent last year.

Treasurer Troy Buswell said it was encouraging the number of First Home Owner Grants paid in 2012 increased by 3,751.

"I am pleased more West Australians are becoming home owners with the help of our grants scheme," Mr Buswell said.

"We helped 17,171 first home buyers get into the property market last year from grants of \$120 million. When you take out boosts given to the first home owner scheme, the December quarter was the highest number of grants given out in 10 years.

"This is clear evidence WA's property market is gaining strength and will have flow on benefits to other parts of the economy."

In the last three months of 2012, 4,790 first home owner grants were distributed. The First Home Owner Grant provides \$7,000 to eligible first home buyers who purchase their first home up to the value of \$750,000, or \$1,000,000 if the property is north of the 26th parallel.

www.wa.gov.au

Indigenous Housing

More than 5000 homes in remote Indigenous communities have now been refurbished or rebuilt by the Australian Government, nearly two years ahead of schedule.

The refurbishments are being delivered under the \$5.5 billion National Partnership Agreement on Remote Indigenous Housing, which is building brand new houses as well as refurbishing or rebuilding existing homes in remote Indigenous communities across the country.

The Hon Jenny Macklin MP

Housing NSW homes

Orange real estate agent Libby Seaman says selling Housing NSW homes to a first-time buyer is always rewarding.

"It's great, they're excited and they're grateful," Ms Seaman said. "Ninety per cent have never purchased a property before."

In November, Seaman's agency took over the contract to sell ex-Housing NSW properties in Orange. Since then it has sold 18 properties, with another six set to go to auction on February 27.

"It's an opportunity for people to enter the market at a low price. The philosophy behind Housing NSW's sell-off was a plan to increase the number of owner-occupied homes in Bowen and Glenroi."

The fact that once sold all of the ex-Housing NSW homes must be occupied by its owner for seven years helps keep the house prices "realistic" and prevents investors trying to make a quick dollar.

Housing NSW

Melissa Parke MP

Melissa Parke MP has been appointed as Parliamentary Secretary for Homelessness and Social Housing.

Melissa was elected as the federal member for Fremantle on 24 November 2007 at the general election that marked the beginning of the new Labor Government and was returned for a second term in August 2010.

Before entering parliament, Melissa Parke worked as a senior lawyer in the United Nations for 8 years. Melissa began her employment with the UN peacekeeping mission in Kosovo within the Office of Legal Affairs in 1999, and this was followed by two and a half years working in Gaza for the international legal division of

UNRWA, the UN agency that works to assist Palestinian refugees.

In June 2004, Melissa undertook a position in the UN headquarters in New York in the Office of the Under-Secretary-General for Management. In this role, she was responsible for oversight of the internal system of administration of justice, as well for establishing the UN Ethics Office, including instituting programs for whistleblower protection, financial disclosure, ethics training and advice and standards of conduct.

www.apf.gov.au

Cut red tape

THE Queensland Government has moved to reduce red tape in the property industry under new draft legislation.

Attorney-General Jarrod Bleijie said the changes, which would replace the Property Agents and Motor Dealers Act with separate legislation for each industry, would streamline home sale contracts.

"The existing (Act) is a cumbersome law covering more than 23 licence and registration classes across seven industries," he said.

"Our goal with this review is to deliver positive red tape reduction reforms that support industry growth but also maintain a high level of protection for consumers."

Under the proposed changes, real estate agents will no longer be required to demonstrate that the attention of property buyers had been drawn to a separate warning statement about cooling-off periods and legal advice that is required to be attached to contracts.

www.qld.gov.au

THE WORLD

Property news from around the world



Arab investors

Gulf investors are expected to pick new targets in London's prime residential real estate market this year with a move away from super prime mansions.

Property buyers in the English capital are seen growing in 2013 but will be looking to purchase in areas away from their traditional hotspots, according to UK real estate firm Knight Frank.

Historically, Arab investors have sought out huge trophy assets in the exclusive Mayfair, Knightsbridge and Belgravia but Knight Frank said it is seeing a shift in attitudes.

He said London areas now being targeted include Marylebone, the West End and the City.

The price difference between super prime and prime can be as much as double with super prime rates of about £3,000 per sq ft.

Such is the growth in interest from UAE buyers that Knight Frank said it is actively returning to the Gulf state to promote development projects.

Middle East investors made up more than 15 percent of London's super-prime real estate market between 2010-2012. Only buyers from the UK (33 percent) and Russia (18.7 percent) were more active in the £10m-plus property sector.

More details available [here](#).

United States

Following the peak of the over leveraged US housing market bubble late 2006, the real estate market literally crashed during 2007 triggering the financial crisis that has acted to subsequently feed a multi-year bear market as a consequence of the subprime mortgage debacle.

Since which time the bear market in US housing has continued to act as a drag on the US economy, holding it back from recovery, in response to which the US government and central bank have sought to escalate their response in an attempt at engineering an economic bounce so as to induce a sustainable economic recovery.

However, one of the best times to invest in an asset class is when it is at its most hated, i.e. after a crash and a prolonged bear market when most investors have been badly burnt by losses.

More details available [here](#).

The Russian bear creeps into Southern Spain

First they bought properties in Black Sea coastal resorts then they moved to Cyprus but now the discerning Russian buyer is likely to look further afield to Spain as new figures show that Marbella is becoming the new location of choice for Russian investors.

According to the Malaga Developer's Association 9% of foreign property buyers in the region are now Russian, overtaking Germans at 7%. British buyers at 35% remain the biggest group of overseas buyers.

It is not hard to see why this has happened. First of all there are high quality properties for sale at rock bottom prices which have all the attributes that a middle class Russian wants such as security, privacy, golf courses, sea views and villas with pools and plenty of space.

Moves are already taking place to make the region a home from home for Russians. The biggest Russian Orthodox Church in Spain is being built 10 kilometres from Marbella. It is sponsored by the Moscow Patriarchate

and designed by a Russian Architect, a place that will also become a cultural and social centre for meetings celebrations and events.

Agents in the region say that local shops are stocking Russian produce and there has been a flurry of inquiries from estate agents, gym owners, fashion boutique sales people and restaurant workers eager to learn Russian. As happened in Cyprus, it will be no time at all until restaurants and bars add Russian to their menus and local real estate advertising hoardings target Russian buyers.

Property Wire

China

China's real estate market is displaying two opposite extremes. In over 40 percent of large and medium-sized cities, the markets have dropped drastically or collapsed, while prices continue to climb in China's largest cities. Media and experts are also split over what the future holds for China's property market.

In second-tier cities, real estate markets have been flat or dropping. According to the Chinese Bureau of Statistics, in November 2012, out of 70 large or medium sized cities, 41 have experienced price decreases for newly built commodity housing (excluding subsidized low-income housing). Wenzhou in Zhejiang Province took the lead with a 13.2 percent price drop.

In the pre-owned housing market, 49 out of the 70 cities experienced a decline compared to November 2011, again with Wenzhou seeing the greatest decline of 9.9 percent.

Chinese real estate experts are split on whether the price trend is going up or down.

More details available [here](#).

REIA NEWS

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