REIANEWS

ISSUE 24: JUNE 2013

tax time

ALSO IN THIS ISSUE

CHANGES TO SUPERANNUATION

ASBESTOS PLAN

FUTURE OF REAL ESTATE

WANT TO FIND OUT MORE ABOUT PROMOTING YOUR BRAND IN REIA NEWS?

CONTACT REIA MANAGER COMMUNICATIONS ANDREA CLOSE ON 02 6282 4277 OR AT ANDREA.CLOSE@REIA.COM.AU FOR FURTHER INFORMATION.

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

Mr Peter Bushby
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

It's hard to believe that we are nearing the end of another financial year. In this month's REIA News, we set out to inform you of the things that matter to you and that hopefully will come in handy throughout the next financial year.

The construction and property services are expected be major drivers of the economy now that the mining resources boom has slowed. In 2010-11, real estate services' share in the total sales and service income for property services was $16 billion or 17.7 per cent. The value added by real estate services was estimated at $9.5 billion, or about 18 per cent of all property services. The Construction and Property Services Industry Skills Council (CPSISC) report, *Future Forecasts: Construction and Property Services Skills 2016-26* looks at the future of our industry. More in REIA Research Officer, Evgeniya Hawthorne's article.

On another hot topic, approximately one-third of all homes built between 1945 and 1987 contain asbestos products. Legislation is currently before Parliament to establish the Asbestos Safety and Eradication Agency, to maintain the first National Asbestos Exposure Register. REIA Policy Manager Jock Kreitals takes a look in his article.

If you're in small business, there are some tax changes on the way. The new rules mean that, in some cases, a small business can claim the whole amount of an asset purchased as a tax deduction in the year of purchase, rather than it be depreciated over a number of years.

Remember, if you are not yet a subscriber to the Adelaide Bank/ REIA Housing Affordability Report and the Bendigo Bank/REIA Real Estate Markets Facts, then you are missing out on Australia's most comprehensive source of information on our industry. Just log on to www.reia.com.au to find out more.

Happy tax time!

Mr Peter Bushby
REIA PRESIDENT

Follow us on Twitter @REIANational

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

Tax time

TIME TO START THINKING ABOUT TAX

With only days before the end of the financial year, if you need to buy depreciating assets in your business – a new computer or a car – there are a whole lot of reasons to do it now.

New rules that came in on 1 July 2012 provide tax advantages for small business. The new rules mean that, in some cases, a small business can claim the whole amount of the asset purchased as a tax deduction in the year of purchase. Normally, assets purchased in a business are depreciated over a number of years, or their effective life.

To access these simplified depreciation rules, the entity needs to be a trading business with an aggregated annual turnover of less than $2 million. This means the turnover of your business and any connected entities such as a trust.

If your business qualifies as a small business, any depreciating asset you purchase below $6,500 can be written off in the year of purchase. If you are registered for GST, the $6,500 is GST-exclusive, if not the $6,500 is the GST inclusive amount. The $6,500 threshold applies on an asset by asset basis, so you can claim the immediate deduction on more than one asset. As well as being able to claim an immediate deduction for assets with an initial cost of less than $6,500, in some circumstances it is also possible to claim an immediate deduction for additions or improvements to these assets in a later income year.

The other good news is if you need to buy a motor vehicle you can claim an immediate deduction for the first $5,000 on new and second hand vehicles, including four wheel drives, purchased from 1 July 2012. The balance of the vehicle's cost price is depreciated at 15% in the first year. Limits apply to the deduction you can claim for the vehicle you buy. If it's a luxury vehicle, regardless of how much you paid, the cost for depreciation purposes is reduced to $57,466.

Before you go on a spending spree, it's important to take a look at the cash flow of the business to determine whether you have sufficient reserves to commit funds to a capital expenditure. If not, you may need to finance the purchase. Never purchase an asset simply for the tax benefit. Buy what you need to operate your business and manage your purchases to achieve the best tax outcome.

» **Advice supplied by Chartered Accountants Cleland McFarlane Selth, Adelaide*

The Austalian Tax Office has identified more than 110,000 rental property owners who incorrectly claimed deductions in their tax returns last year.

Rental property deductions rose 18% in the 2010-11 financial year to almost $39 billion, with investors taking advantage of negative gearing.

The ATO says landlords may claim tax deductions for home improvements, property purchase and tenancy costs, but not:

- acquisition and disposal costs of the property
- expenses not actually incurred by you, such as water or electricity charges borne by your tenants
- expenses that are not related to the rental of a property, such as expenses connected to your own use of a holiday home that you rent out for part of the year
- borrowing expenses or interest on the portion of the loan you use for private purposes like buying a new car.

More tips are published on the ATO's website.

"DID YOU KNOW **SHAKESPEARE WAS A TAX DODGER?**"

If you've ever been on the wrong side of a Tax Office debt you have something in common with Shakespeare. In the King's Remembrancer Subsidy Roll in 1597, Shakespeare was listed as a defaulter in the Bishopgate ward – he failed to pay 5 shillings. He was again listed as a defaulter in 1598 for failing to pay 13 shillings, 4 pence. Later that year he moved out of the district!

The Australian Taxation Office compliance activities continue to grow and become more sophisticated. Data matching occurs across a wide range of government and financial institutions as well as comparing data disclosed in tax returns against industry benchmarks. More than ever, reliable and accurate record keeping is essential should you be required to provide additional information to the Tax Office.

REI Super
The Property Industry Fund
An Industry SuperFund

For more information on employer super obligations including choice of fund and modern award, please visit

www.reisuper.com.au

INDUSTRY ARTICLE

UPCOMING CHANGES TO SUPER

From 1 July 2013 a number of changes to superannuation will start to affect real estate employers.

Compulsory Superannuation Guarantee (SG) increase

The rate of super guarantee (SG)- the compulsory super you pay on behalf of your employees is going up from 9% to 9.25% on 1 July 2013. It will increase gradually over 7 years to 12% by 2019.

Year	Rate
1 July 2013	9.25%
1 July 2014	9.50%
1 July 2015	10%
1 July 2016	10.50%
1 July 2017	11%
1 July 2018	11.50%
1 July 2019	12%

Employers should refer to their employee's employment contrats to determine how this increase will be calculated on salaries and commision income.

Super payments for employees aged 70 or over

There is no longer a super age limit for SG contributions from **1 July 2013**.

My Super replaces default super funds

My Super authorised super accounts will replace your current default super fund in 2013/14- this is the fund you make payments to if a staff member does not complete a choice of fund form.

From **1 January 2014** where an employee has not completed a choice of fund form you must pay super contributions into a MySuper authorised account, which also complies with any applicable award.

REI Super is MySuper authorised AND is listed in both the 2010 *Modern Real Estate* and *Clerical Awards* as an accepted default super fund.

Employers using REI Super as thir default super fund can continue to use REI Spuer as their default super fund. Contact REI Super if you would like to make REI Super your default super fund.

» *article continues*

Superstream

New standardised data and payment methods are being introduced. Employers must make payments to super funds in the prescibed electronic format. No more cheques. This takes effect from **1 July 2014** for larger employers and **1 July 2015** for small employers.

General super rules for employers explained

Every year rela estate employers make a numbe rf errors in their superannauton administration, mosrly due to a lcak of understanding and superviasion of paperwork and administration processes.

When do you have to pay super?

SG contributions must be paid at least quarterly. They cannot be paid annually. Penalties apply for late or non payments.

Generally, you have to pay super for an employee if they're over 18 and you pay them $450 or more (before tax) in salary or wages in a month. It doesn't matter whether the employee is full time, part time or casual. Employees who are under 18 years old must meet these conditions and work at least 30 hours per week to be entitled to the super guarantee.

Important: You also have to pay super for contractors if the contract is wholly or principally for their labour, and for employees who are temporary residents of Australia. Refer to the ATO for guidance on contractors.

If you're a sole trader or partner in a partnership you don't have to pay super for yourself, but you can make super contributions as a way of saving for your retirement. Refer to the ATO website for details.

Super is paid on ordinary time earnings- this will include commission income and retainer salaries.

Setting up super for a new employee

You must pay contributions into a complying super fund and provide your employee's tax file number (TFN) to their super fund where you are required to do so. Your eligible employees may be entitled to choose their super fund - if so; you must provide them with a form enabling them to make their choice.

This Choice of Fund form must be provided to the employee within 28 days of them commencing employment and must be kept on file for 5 years. Failure to do so can result in a penalty being applied.

It is the responsibility of an employer to ensure they pay into a complying super fund. This may be important when paying an employee's contribution into a self-managed super fund (SMSF). The employee nominating their SMSF must provide you with the required letter from the ATO as stated on the ATO choice of fund form or you are entitled to refuse to pay the contribution to that fund.

Employers who have REI Super as their default super fund can use the choice of fund form available at www.reisuper.com.au.

» *article continues*

INDUSTRY ARTICLE
UPCOMING CHANGES TO SUPER

» *continued*

How much to pay

From **1 July 2013** the rate is 9.25% of Ordinary Time Earnings (see below).

When to pay

Cut off dates for payments are 28 days after the end of each quarter.

Quarter	Cut-off date
July-September	28 October
October-December	28 January
January-March	28 April
March-June	28 July

Salary sacrifice (concessional) super contributions must be paid monthly. An employer cannot pay them quarterly. You can make a lump sum payment if an employee has specifically requested this in writing.

Important: All concessional contributions must be received **before** June 30 or else an employee may face taxation implications.

What to do if you have not met your obligations

If you don't pay the minimum amount into the correct fund by the due date, you'll have to lodge a *Superannuation guarantee charge statement - quarterly* (NAT9599) and pay the amount of shortfall super that needs to be paid for the employee, plus interest, plus an administration fee.

Records you must keep:

- ✓ the amount of super you paid for each employee and how it was calculated
- ✓ that you have offered your eligible employees a choice of super fund
- ✓ How you calculated any reportable employer super contributions.

Payslip information:

From **1 January 2014** you must state on each payslip the date contributions are remitted for your employees.

It is recommended employers who pay into several super funds on behalf of employees should consider using a clearing house to make this process simplified, and to ensure they are familiar with the quarterly contribution process well before January 2014.

There is a **free** clearing house available to employers through REI Super or the free Medicare Small Business Clearing House.

What are Ordinary Time Earnings?

You must use ordinary time earnings (OTE) to calculate the minimum super guarantee contributions required for your eligible employees. This ensures all eligible employees are treated the same way for super guarantee purposes.

» *article continues*

OTE are generally what your employees earn for their ordinary hours of work, including:

- over-award payments
- certain bonuses
- commissions
- shift-loading
- certain allowances.

Termination payments for unused sick leave, unused annual leave or unused long service leave are excluded from OTE.

An 'employee's ordinary hours of work' are the hours specified as their ordinary hours of work under the relevant award or agreement, or under the combination of documents, that governs the employee's conditions of employment.

Further information

REI Super www.reisuper.com.au

Australian Tax Office www.ato.gov.au

Government resource
www.superfuture.gov.au

» *The information contained in this article does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REI Super advises that REI Super has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Member should obtain and read the Product Disclosure Statement for REI Super before making any decisions. REI Superannuation Fund Pty Ltd ABN 68 056 044 770 AFSL 240569. RSE L 0000314 REI Super ABN 76 641 658 449 RSE R1000412 June 2013*

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

ASBESTOS PLAN

Asbestos and its presence in the built environment has again been making headlines. Its presence in many government, public, commercial and residential buildings means the potential to exposure and associated health effects will continue for years to come. Approximately one-third of all homes built between 1945 and 1987 contain asbestos products.

Legislation is currently going through Parliament to establish the Asbestos Safety and Eradication Agency. The Agency will maintain the first National Asbestos Exposure Register, which was announced on 3 June and will also implement a comprehensive plan of action on asbestos safety and eradication through the National Strategic Plan for Asbestos Management and Awareness (Plan).

The Plan is being developed in consultation with Commonwealth, state and territory and local governments and a range of non-government stakeholders including REIA.

Whilst the details of the Plan are yet to be finalised, a target for the removal of all "unsafe" asbestos from Government and commercial buildings by 2030 was discussed in the stakeholder meetings. The target was considered ambitious by some stakeholders considering the number of buildings involved.

In the discussions, no such target was proposed for residential buildings. The feasibility of a future prioritised removal program (PRP) for residential properties is to be looked at. It will take into consideration the ACT model, where laws require sellers and lessors of residential premises to provide an Asbestos Advice with a contract for sale/residential tenancy.

REIA will continue to be involved in the process and will ensure that the interests of real estate agents are addressed in any plan. REIA is well aware that the strategy to inspect all homes for asbestos prior to sale or lease is well intentioned, but is fraught with many implementation considerations.

Further developments will be covered in future editions of REIA News.

Wilhelm Harnisch, Chief Executive Officer of Master Builders Australia said, "Asbestos is difficult to identify with the naked eye. In many instances in order to accurately identify asbestos, a sample needs to be taken to a lab for examination.

"The risk is that materials containing asbestos will be disturbed during an inspection or when getting a sample for testing, which could increase the chance of exposure to asbestos fibres.

"Asbestos should only be handled by a trained professional who might have to spend time getting samples in hard to reach places such as ceilings, walls, under carpets and floors and even in or around swimming pools.

"In good condition and undisturbed, asbestos does not pose a risk to public safety. The best time to remove asbestos is when a building is undergoing renovation or alteration, based on principles of risk management.

"Master Builders supports the removal of asbestos from Australia's built environment in the long term. We believe a risk management approach to asbestos in domestic premises should be adopted."

» *article continues*

Is your client's rental property **really protected?**

Terri Scheer Landlord Insurance from as little as one week's rent per year*.

Terri Scheer is Australia's leading landlord insurance specialist, offering protection for your client's rental property from risks that standard building and contents insurance may not cover, including:

- Malicious and accidental damage by tenants
- Theft by tenants
- Loss of rent

That's real protection from as little as one week's rent per year* - and may be fully tax deductible.

Benefits to Property Managers:

- Protects management fees
- Protects client relationships

For more details call us on 1800 804 016 or visit terrischeer.com.au

Australia's Leading Landlord Insurance Specialist

terri **scheer**

*Cost comparison based on average premium cost and claimed loss of rent data between 1/01/11 and 9/12/11 under our Landlord Preferred Policy type. Consult your tax advisor in relation to tax deductibility of premium. Terri Scheer Insurance Pty Limited (ABN 76 070 874 798, AFSL 218585) acts on behalf of the landlord insurance product issuer, Vero Insurance Limited (ABN 48 005 297 807 AFSL 230859). Please consider the Product Disclosure Statement before making any decision about this product. Call 1800 804 016 for a copy.

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

MOVING TOWARDS A UNIFORM TORRENS TITLE

With nine jurisdictions, laws dealing with property transactions across borders are inconsistent. A uniform real property act and consistent conveyancing legislation would make transactions far simpler. The benefits would be: lower costs for transactions involving multiple properties across jurisdictions; lower compliance costs for property owners with national operations; and increased mobility of legal and industry professionals.

REIA has long been advocating for standardising and harmonising property dealings nationally and has identified this as an issue that requires sustained action.

To address this, the Property Law Reform Alliance (PLRA), an industry body of which REIA is a member, was formed. The PLRA is committed to achieving uniformity by pursuing the reform of real property laws and procedures in Australia. The PLRA has demonstrated that, given the will and a spirit of co-operation, it should be feasible to develop uniform Torrens title legislation that will meet the requirements of all Australian jurisdictions.

In order to bring about reform, PLRA has had discussions with various Government representatives and Attorneys-General regarding the development of the Model Real Property Act and the need for uniform real property legislation. PLRA developed an outline for a Uniform Torrens Title Act (UTTA) in 2010, which was then developed into a draft model Act by Emeritus Professor Peter Butt from the Sydney University Law School. The UTTA was released for comment by the public and stakeholders with comments closing earlier this year.

They indicated that lease registration, caveats/priorities and the method for removing caveats are likely to be the most contentious issues to resolve. Whilst the feedback was positive and constructive, it was felt that additional time should be allowed for some state law societies and government agencies to provide input.

A public launch of the Uniform Torrens Title Act is anticipated in 2014. REIA News will provide updates in future editions.

HOUSING AFFORDABILITY REPORT & REAL ESTATE MARKET FACTS

The Adelaide Bank/REIA Housing Affordability Report is recognised as the most authoritative indicator of Australian housing affordability currently available.

It contains the following information for Australia and each of the states and territories:

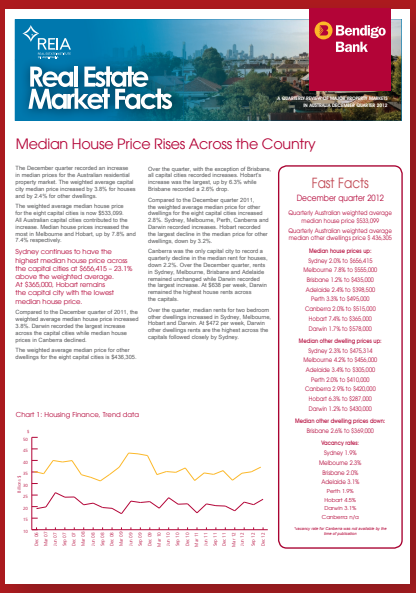
- Proportion of family income devoted to meeting average loan repayments
- Proportion of family income devoted to meet median rent repayments
- Comparison of movements in rents and CPI
- Median weekly family income
- Average monthly loan repayments
- Average loan
- Total number of loans
- Average loan, standard variable interest rate and fixed interest rate figures for banks, building societies and other lenders.
- Home loan affordability indicator

Bendigo Bank/REIA Real Estate Market Facts is a quarterly report on the state of residential property markets in the capital cities and major regional centres throughout Australia.

It contains the following information:

- Quarterly median, lower quartile and upper quartile house prices for capital cities and inner, middle and outer zones of capital cities
- Quarterly moving annual (trend) median house prices
- Quarterly median, lower quartile and upper quartile prices for flats/units/townhouses for capital cities and inner, middle and outer zones of capital cities
- Quarterly moving annual (trend) median prices for flats/units/townhouses
- Quarterly median weekly rents of 3 bedroom houses and 2 bedroom flats/units/townhouses for capital cities
- Quarterly median, lower quartile and upper quartile weekly rents for 2, 3 & 4 bedroom houses for inner, middle and outer zones of capital cities
- Quarterly median, lower quartile and upper quartile weekly rents for 1, 2 & 3 bedroom flats/units/townhouses
- Quarterly residential vacancy rates for capital cities
- Charts of median prices for houses, flats, units, townhouses and vacancy rates
- Yields and returns for three bedroom houses and other dwellings for all capital cities

To subscribe to Adelaide Bank/REIA Housing Affordability Report or Bendigo Bank/REIA Real Estate Market Facts, contact REIA on 02 6282 4277 or go to www.reia.com.au



Need local area information on the go?

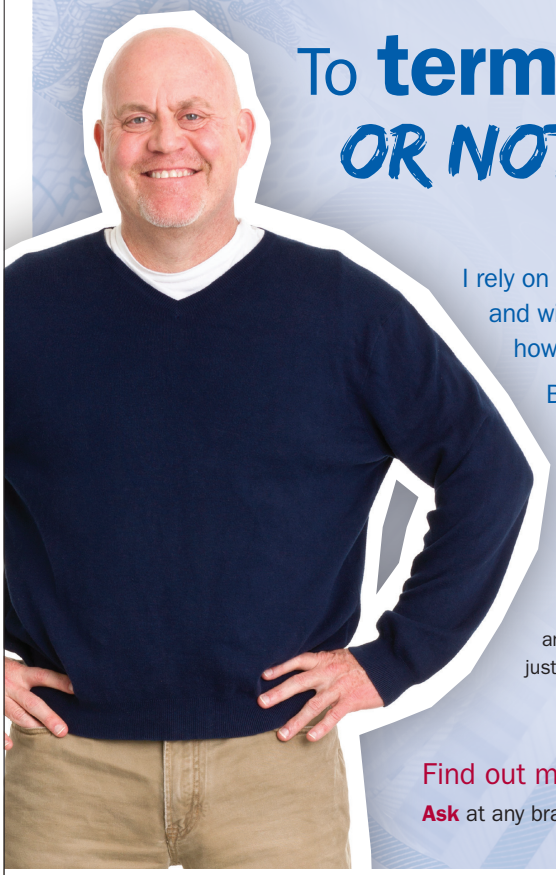
With an online subscription to **the Australian Local Government Guide**, you have the details of all local councils at your finger tips. Prepare for buyer meetings and use it via mobile or tablet in the field. Data includes:

- **Schools in the area**
- **Major local council projects**
- **Local government expenditure**
- **Community services**
- **Income/expenditure per annum**
- **Boundaries and much more**

A 12-month online subscription to The Australian Local Government Guide is $639 incl. GST. Phone 1300 854 686 or simply **click on this ad** to learn more at ConnectWeb.com.au.

Bendigo Bank
wealth

To **term deposit** *OR NOT* to **term deposit**



I rely on the income from my investments, and with a term deposit I know exactly how much interest I'll earn.

But in the current environment, with interest rates falling, I also know a term deposit may not be the best investment option for me.

So I got some great advice through Bendigo Bank and now I know there may be an alternative to a term deposit that could be just right for me.

There is an alternative

- An alternative to a term deposit may be the Sandhurst Income Fund, which makes quarterly income distributions.
- Unlike a term deposit there's no fixed term, so you can access the money you've invested on a weekly basis.
- In the past 12-months the Sandhurst Income Fund returned more than most term deposits during the same period.

6.14% return
12-months to March 2013*

Find out more with **Bendigo Financial Planning**

Ask at any branch **Call** 1800 018 018 **Visit** bendigobank.com.au/wealth

*Returns are quoted net of fees and costs and past performance is not necessarily an indication of future performance. This information is provided by Bendigo Financial Planning Limited ABN 81 087 585 073 AFSL 237898. The Sandhurst Strategic Income Fund is issued by Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906. Both companies are subsidiaries of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879 (Bank). Investments are not deposits with, guaranteed by or liabilities of the Bank. Please consider your situation and read the product disclosure statement available at bendigowealth.com.au before making a decision. (S44190) (04/13)

Changing software is easier than you think.

Call us to find out how.

rockend

The leader in property software

www.rockend.com.au | 1300 657 700

Microsoft GOLD CERTIFIED Partner

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

FORECASTS FOR REAL ESTATE SERVICES 2016-26

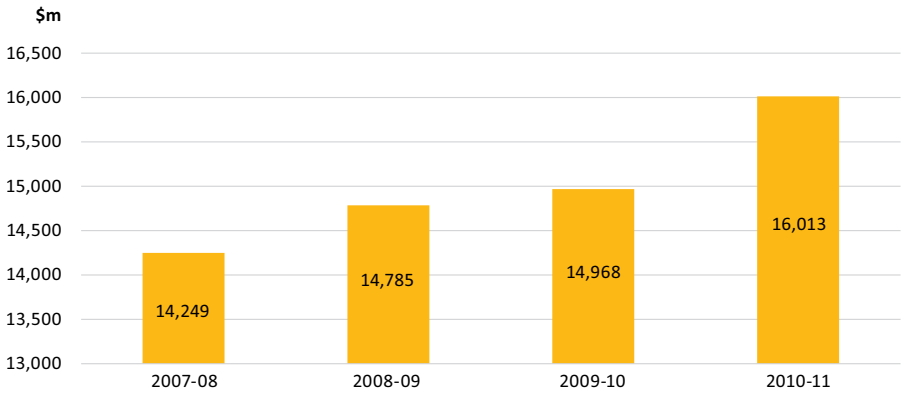
Australia has been enjoying the spoils of the mining construction boom for almost twelve years. With some predicting the boom has already reached its peak, it is reasonable to ask what sector/s will take over the leadership of our economy. Expectations are that construction and property services will hold up as major drivers of the economy and continue to play a key role in economic growth. Aiming to reaffirm the forecasts, the Construction and Property Services Industry Skills Council (CPSISC) commissioned the Centre for International Economics to develop a report to inform and augment demand forecasts for the sector. Released in late May, *Future Forecasts: Construction and Property Services Skills 2016-26* gives a detailed appraisal of each of the components within the construction and property services sector, including real estate services.

In 2010-11, real estate services' share in the total sales and service income for property services was $16 billion or 17.7 per cent. The value added by real estate services was estimated at $9.5 billion, or about 18 per cent of all property services. Real estate services are characterised by a large number of small firms, many of which rely on owner-managers or working proprietors. In 2010-11, 59 per cent of all real estate services businesses had turnover of less than $200,000. Of all real estate services businesses in Australia, 61.8 per cent are working proprietors and 34.1 per cent employ fewer than 20 people.

The value of sales for property operators and real estate agents' services accounted for around $70 billion in 2010-11 and has grown at an average annual rate of 3.7 per cent in nominal terms since 2007-08. In 2010-11, the total value added by property services was $53 billion. The chart below shows sales and services income for real estate agent services since 2007-08.

The report found that the rental, hiring and real estate services sector has been the worst performing sector in terms of multi-factor productivity growth. The annual growth of multi-factor productivity has been negative: -2.29 for the period of ten years prior to the GFC, -0.12 after the GFC, -1.66 for the last ten years and -1.59 for the last twenty years.

Sales and services income for real estate agent services



» *article continues*

Forward projections of the needs of the real estate and property sector, forecast where property services and real estate agent services are heading in the longer term. It is projected that property services employment will grow at 0.82 per cent each year on average through to 2015-16 and at 0.65 per cent between 2016-17 and 2025-26. For real estate agents, the demand across Australia is forecast to be about 7000 people more in 2025-26 compared to 2011-12.

Table 1 below shows the projected employment change for the "Real estate sales agents" occupation.

The largest growth in employment is expected for New South Wales, Victoria and Queensland.

Table 2 below shows the projected real estate sales agents' employment to grow at 0.47 per cent, each year on average, through to 2015-16 and at 0.60 per cent between 2016-17 and 2025-26. For the real estate services industry, the growth rate is 0.34 per cent for 2012-16 and 0.48 per cent for 2017-26.

"The forecasts made in the report are restrained, careful and moderate and are modelled as base level forecasts, with steps recommended to improve on this base result," says CPSISC Director Policy and Research, Nick Proud.

"This is deliberately a 'business as usual' forecast outlook which does not set unrealistic expectations of growth in absence of new activity driven policy or additional demand factors. The outlook can be improved with a renewed targeted workforce development effort and with some smart policy implemented."

According to the report, activity levels in the real estate agents' sector will largely depend on the state of the housing and commercial property markets in relation to the turnover of the existing stock rather than as a function of new sales. The report projects that with improved performance, particularly in residential real estate, licensed agents who are sensitive to current levels of profitability in the marketplace and who are reasonably mobile, will be attracted back to the sector.

With regards to how Australia would fill the gap left by a slowdown in the mining industry, Mr Proud says,

TABLE 1 *Projected Employment Change for Real Estate Sales Agents*

Real Estate Agents, persons	2012-13	2013-14	2014-15	2015-16	2025-26
Australia	565	745	1,202	1,619	7,020

TABLE 2 *Projected Total Employment for Real Estate Services Industry and Real Estate Sales Agents Occupation*

	Total Employment, 000s			Annual Growth, %	
	2011-12	2015-16	2025-26	2012-16	2017-26
Occupation: Real Estate Sales Agents	85.4	87	92.4	0.47	0.60
Industry: Real Estate Services	120.1	121.7	127.7	0.34	0.48

» *article continues*

FORECASTS FOR REAL ESTATE SERVICES 2016-26

» *continued*

L-R: CPSISC Chair Noel Hamey, Policy Director Nick Proud, REIA CEO Amanda Lynch, CPSISC Board Member Pamela Bennett and CPSISC CEO Alan Ross

"Australian housing investment and activity across the construction sectors which flows through to Property Services sectors such as Real Estate, need to improve to offset declining contributions to GDP from the resources sector. The Future Forecasts research indicates that activity will improve by 2016, but we need the workforce development and up-skilling to be taking place now and throughout 2014."

"Training Packages are responding well, however there are risks noted that the Registered Training Organisations will be hamstrung due to their own economic constraints preventing them from using Training Packages to their optimum potential.

There are general concerns that greater investment in skills will not occur until economic conditions improve. The value of national Training Packages is increasingly recognised by industry and occupational regulators. CPSISC is working closely with industry and regulators to ensure that the qualifications meet and respond to contemporary demands."

"Maximising the contribution of the construction and property services sectors to the economy will require ongoing reform across the economy and more targeted actions addressing constraints faced by individual industries in the sectors to maintain and improve national productivity," concluded Mr Proud.

2013

Australasian Real Estate Institutes'
Auctioneering
Championships

2013 Australasian Real Estate Institutes' **Auctioneering Championships**

23 - 25 September 2013

Crown Perth
Perth, Western Australia

For more information and to register, visit
www.auctionchampionships.com.au

Proudly hosted by:

REIWA
REAL ESTATE INSTITUTE
OF WESTERN AUSTRALIA

REIA
REAL ESTATE INSTITUTE
OF AUSTRALIA

REINZ
REAL ESTATE INSTITUTE OF NEW ZEALAND

Chris McGregor

FIABCI AUSTRALIA REPORT

FIABCI WORLD CONGRESS

Robyn Waters made Australia proud when she was announced unopposed President Elect for 2014-15 at the 64th World Congress held in Taichung, Taiwan. Robyn also received the FIABCI Medal for Outstanding Contribution to the organisation.

Robyn received tremendous applause and encouragement for her presentation and I look forward along with the Australian Chapter in assisting her success. Flavio Gonzaga Nunes from Brasil was duly elected President of FIABCI 2013-2014, taking over the reins from Judy Shenefield of the United States.

The Congress was, I believe, one of the most successful yet. It ran like clockwork and the Taiwanese people were extremely hospitable, welcoming and friendly.

There was a free bar set up for FIABCI Members each day from 4pm to around 2 the next morning and I reckon if we'd have known that earlier, more Australians would have attended!

Chris McGregor
PRESIDENT • FIABCI
AUSTRALIAN CHAPTER

Former and future Fiabci World Presidents, Judy Shenefield and Robyn Waters

» *article continues*

Robyn Waters with the newly elected 2013/14 World President, Flavio Gonzaga Numes (Brazil). The 64th annual FIABCI World Congress was held in Taichung, Taiwan last week where Robyn was elected as World President elect for 2014/15

ROBYN WATERS' ACCEPTANCE SPEECH

"Consistency, continuity and credibility.

I believe that if we apply these words to our actions as FIABCI members, together we will achieve our goals of being recognised as the leading umbrella real estate organisation providing network opportunities, the opportunity to expand our member's technical knowledge through education and encourage others to join in this large and influential business network.

Consistency in the message of what we do and how we do it, continuity of relationships and the credibility gained by doing so.

If we develop the communication to deliver these messages so that our members know what opportunities they have by being a member of FIABCI. Ensuring they know that they are part of a prestige International professional network, that they can participate in the various World Councils which provides the flexibility and diversity to pursue members own areas of expertise but still enjoy the safety and comfort of the FIABCI umbrella.

Know that they can increase their professional profile throughout the world, attend world class international events, market their properties by using FIABCI's innovative online tools, enhance their skills through education and finally expanding their global influence by becoming involved and making a difference. If FIABCI is proactive, diverse and able to respond to the needs of all our members throughout the world then I will be happy that my coming term of office will be successful.

Each world president of FIABCI brings to the role his or her own style and priorities, I intend to do that but also recognize the wonderful achievements of our Past Presidents, Enrico Campanoli, Alexander Romanenko and now Past President Judy Shenefield. I of course will support Flavio Gonzaga Nunes in achieving his goals for the coming year.

So the mantra will be consistency, continuity and credibility, and I thank you for your support, your encouragement and your trust in giving me the honour of leading this wonderful FIABCI family."

INDUSTRY UPDATE

Industry news from around Australia

Property related tax information

The ATO's property page on ato.gov.au is a 'one-stop' webpage for easily assessable information relevant to all property related transactions. The Property page can help taxpayers and the community better understand their tax obligations at different points in the lifecycle of acquiring, owning and selling property.

The property page contains information on topics including:

- Buying, selling and renting property
- Inheriting a dwelling
- Vacant land
- Subdividing
- Property development, building and renovating
- Property used to run a business

The property webpage should be the first port of call for anyone involved with property transactions and the ATO encourages taxpayers to take advantage of these resources. Having the right information is the best way to ensure business transactions are reported correctly and the risk of penalties is reduced.

Staff pay agreements

More than 80 per cent of employers in Queensland's real estate industry are now complying with workplace laws by lodging staff pay agreements, a Fair Work Ombudsman follow-up campaign has found.

Fair Work inspectors have completed audits of 279 employers in Queensland's real estate industry and found that 230 (82 per cent) lodged written pay agreements for staff with the Queensland Property Industry Registry (QPIR).

The results are a big improvement from a Fair Work Ombudsman campaign conducted in 2011, in which 156 Queensland real estate industry employers were audited and only 75 (48 per cent) were found to have lodged agreements.

It is a requirement under the Real Estate Industry Award 2010 for Queensland real estate industry employers to lodge a written agreement with the QPIR for all staff classified as property/strata management or property sales employees.

The agreements must state how the employees will be paid – commission-only, part-commission or as per the rates listed in the Modern Award.

Employers and employees seeking information and advice should consult the free tools and resources available at www.fairwork.gov.au or call the Fair Work Infoline on 13 13 94.

Newspaper death

According to Internet World Stats, as of December 31, 2011 there was an estimated 2,267,233,742 internet users worldwide representing 32.7% of the world's population.

Andrew Jaspan, the former editor of *The Age*, recently said paywalls were not the answer to falling print revenues – "I think you'll probably see the *Sydney Morning Herald* and *The Age* stop printing within a year, or two years, Monday to Friday."

Already it is becoming most obvious that the "rivers of gold" (advertising revenues) have been diverted to online platforms simply because they are much more cost effective.

"It was one hundred and fifty years ago that newspapers were the cheapest way to distribute. Now the cheapest way is online and the most expensive way is actually through newspapers. Newspapers are going to become premium price and we are going to sell less of them."

Whilst we are faced with huge changes ahead within the business community they are also exciting times given the one industry that is growing at the fastest pace is the online side of the business. This means that every business (in some shape or another) will have to adapt smarter online initiatives which is even more exciting given the majority of these strategies are yet to be developed. It is most obvious that online is the new consumer communicator where the only problem for business is that they still remain firmly entrenched in 'business as usual' mode.

Property Observer

Australia's latest housing hotspots

Victoria and Western Australia swept the boards in the latest league table of the nation's residential Hotspots, with the Australian Capital Territory also putting in a strong performance. This is according to the annual report regarding key residential growth areas produced by the Housing Industry Association, the voice of Australia's home building industry.

The HIA Population and Residential Building Hotspots report provides an overview of Australia's fastest growing metropolitan and regional areas in 2011/12. A Hotspot is defined as a local area where population growth exceeds the national rate (which was 1.6 per cent in the year to June 2012) and where the value of residential building work approved is in excess of $100 million.

Agent forgery

A Wembley real estate salesman and land valuer has been disqualified for forging his registration renewal application last year.

Warren David McFarlane reapplied for his real estate sales representative registration in March last year. The application requires the signatures of a current employer and an authorised witness.

Mr McFarlane, who was not employed by an agency at the time, admitted he had forged the signatures of a former West Perth employer and two witnesses.

Disciplinary action was launched after the signatories confirmed they had no knowledge of their involvement.

Last month, the State Administrative Tribunal disqualified Mr McFarlane from registration as a real estate salesman for two years and barred him from holding a land valuer's licence for one year.

He was also fined $1000 and ordered to pay costs of $500.

MAKING NEWS

General national news

A better life

Living in satisfactory housing conditions is one of the most important aspects of people's lives. Housing is essential to meet basic needs, such as shelter, but it is not just a question of four walls and a roof. Housing should offer a place to sleep and rest where people feel safe and have privacy and personal space; somewhere they can raise a family. All of these elements help make a house a home. And of course there is the question whether people can afford adequate housing.

Housing costs take up a large share of the household budget and represent the largest single expenditure for many individuals and families, by the time you add up elements such as rent, gas, electricity, water, furniture or repairs. In Australia, households on average spend **19% of their gross adjusted disposable income on keeping a roof over their heads,** slightly below the OECD average of 21%**.**

In addition to housing costs, it is also important to examine levels of satisfaction with living conditions, such as the average number of rooms shared per person and whether households have access to basic facilities such as indoor flushing toilets. In Australia, **90% of people say they are satisfied with their current housing situation,** more than the OECD average of 87%.

OECD Better Life Index

National Regional Profile

The National Regional Profile (NRP) presents, for all Australia, a range of data for various types of small regions. Data are available for Local Government Areas, new Australian Statistical Geography Standard regions (Statistical Areas 2, 3 and 4 and Greater Capital City Statistical Areas) and State/Territory.

The NRP is designed for users interested in the socio-economic and environmental characteristics of regions - and in comparing these with similar regions across Australia.

Data are presented as a five year time series, where available. These data are organised under the broad topics of Economy, Population/People, Industry and Environment/Energy.

Data for individual regions are available as web pages and Excel spreadsheets. Users can search for a particular region by name or by clicking on a map.

Access the National Regional Profile 2007-2011 from the NRP Entry Page.

Affordable housing

The shift away from government provision of public housing towards a private market subsidised by government payments for low income earners has been a disaster, says Andrew Yule from Anglicare Victoria.

Recent research by Anglicare shows less than one per cent of private rental housing around the country is affordable for those living on government payments such as parenting payment, disability payment or Newstart.

In another recent report, the National Welfare Rights Network reveals more than 157,000 people who receive Commonwealth Rent Assistance pay more than 50 per cent of their income in rent.

The number of welfare recipients living in housing stress has ballooned by close to 10 per cent in just two years.

The Anglicare report shows that even a couple working full time and both earning minimum wage while raising two children can only afford eight per cent of rental housing advertised around the country.

Rent Assistance is tied to CPI yet, in the past five years, capital city rents have increased at twice the rate of inflation.

The real-life implication when someone pays too much for their housing is that they are forced to go without something else. Often another essential item.

The ABS tells us nearly 40 per cent of the poorest households were unable to pay electricity, gas or telephone bills on time during 2010.

The realities of expensive housing therefore are children disengaging from education, adults sacrificing their health and whole families are at risk of losing their homes.

Affordable and safe housing is the bedrock a well-functioning society is built on. Yet our Federal Government and Opposition have shown little interest in tackling this complex issue.

Anglicare

Beauty equals bucks?

A recent US study of physical attractiveness and how it impacts real estate agents' pay and productivity shows that the more attractive the real estate agent, the higher the listing price of the home for sale.

Those listings lead to higher sales prices, meaning that beauty enhances an agent's wage, said the report co-authored by Frank Mixon, professor of economics at Columbus State University's Turner College of Business.

To reach his conclusion, the professor asked 402 people to look at photographs of real estate agents. The pictures were taken from the agents' websites. Respondents were asked to rate each individual depicted for "physical attractiveness or beauty" on a scale of one to 10, with one representing "very unattractive" and 10 representing "very attractive."

Researchers then compared those figures to Multiple Listing Service data regarding transactions for properties that were listed between June, 2000 and November, 2007. Researchers looked at listing prices, sales prices and the time properties spent on the market before the sale was completed.

In general, the research found that the agents who were rated more attractive had listings with higher prices and larger commissions, which comes from higher sales prices for attractive agents.

POLITICAL WATCH

Information and news from government

Stamp duty for pensioners

Federal Minister for Ageing Mark Butler has called on the state and territory governments to cut stamp duty for pensioners looking to downsize their home.

He said many pensioners wanted to move out of the old family home, into something more compact and suitable to their needs, but stamp duty was a major disincentive.

"Many pensioners want to move into a smaller home that is more suited to their needs, but paying $20,000 or $40,000 in stamp duty can make the move expensive," Mr Butler said.

"We'd like to see state governments act to address the issue and cut stamp duty for pensioners."

He said another disincentive to downsizing was the pension eligibility rules and the Federal Government had acted on this with a $112.4 million trial program funded in the budget.

"Currently, if you sell your home, the sale proceeds factor into your pension eligibility means test, whereas if you just hold onto the asset, it doesn't affect your pension."

"So we're funding a trial which will allow sale proceeds to be deposited in a special account which will not affect your pension.

It is expected around 30,000 pensioners could benefit from the exemption throughout the trial period.

The Advisory Panel on the Economic Potential of Senior Australians noted stamp duty as a major impediment to downsizing, as have National Seniors and other consumer and housing groups.

The Panel's third report *Realising the economic potential of senior Australians: turning grey into gold*, says the tax is a "financial disincentive to moving, often doubling the cost of moving house."

Coordinator General to fast-track housing industry stimulus

A Coordinator General will be appointed to oversee the South Australian Government's $220 million Affordable Housing Stimulus Package for the next 18 months. The Coordinator General will fast-track developmental and planning approval of 16 housing projects totalling nearly 1000 new dwellings across the state, most of which are aimed to be completed by December next year.

Reforms open door to more housing options - WA

The Western Australian Government has announced significant planning reforms that mean people looking to rent or buy a home now have more options. One of the main reforms will mean that home owners can now rent out backyard 'granny flats' or 'Fonzie flats', built above garages, fulfilling a commitment made at the 2013 State election.

WA Planning Minister John Day said the amended residential design codes - known as R-Codes - would help streamline planning and improve flexibility for homeowners and businesses. "One of the major changes is the removal of the requirement for the occupants of 'granny flats' to be a relative of the main householder and an increase in the floor space allowed for such developments. This will provide greater housing choice for people," Mr Day said.

Property tax - SA

The South Australian Premier's first Budget as Treasurer and his last before the 2014 election continued down the familiar path of stimulus, property tax and debt, but apart from the car parking tax, no new taxes were imposed and none were increased.

Land tax receipts are projected to grow modestly – from $1.63 billion in 2012-13 to $1.643 billion in 2013-14 – and conveyancing duties are set to increase by $29 million by 2013-14.

These figures are based on optimistic projections of growth in the property sector and the broader economy; projections show GSP doubling from 1.25 per cent in 2012-13 to 2.5 per cent in 2013-14.

Treasury was similarly enthusiastic about employment prospects, tipping a rise in employment growth from the current 0.6 per cent to a comparatively respectable 1 per cent in 2013-14 and 1.25 per cent in 2015-16.

Franchising Code of Conduct

Following the completion of the independent review of the Franchising Code of Conduct the Government has announced a round of consultation before it responds to the review report. A consultation paper is to be released later in June which will provide the basis for stakeholders, to closely consider the recommendations and provide input to the government in preparation for a regulatory impact statement.

ACT Budget

The ACT Budget handed down this week contained the following: increase in First Home Owners Grant for new home building; expansion of Home Buyer's Concession Scheme; introduction of new lower flat stamp duty rate (5.5%) for high value (over $1.65m) commercial property, and; 20% increase in general rates (land tax & council rates) for commercial property and a 10% increase for residential. The announcements were generally not well received by property representative organisations.

THE WORLD

Property news from around the world

US

Property websites such as Zillow and Trulia have disrupted the residential real estate sector by disseminating what was once tightly controlled proprietary data, from listings to crime rates and school statistics. Information that a decade ago was a property agent's biggest competitive advantage, is now available through websites and free mobile apps.

But unlike industries such as travel and retail, where the rise of the digital market has eliminated the traditional middleman, empowering the homebuyer has not dented the fortunes of US property brokers. In fact a symbiotic relationship has developed where online "aggregators" derive most, if not all, of their rapidly rising revenues from agents rather than individual homebuyers.

"Aggregator business models are built on selling advertising and operational tools to real estate professionals [and in turn] agents will pay to be in front of a large user base, which companies like Zillow have," says Mark Mahaney, analyst at RBC Capital Markets.

Agents have little choice but to work with the digital start-ups because nine out of 10 homebuyers already rely on the internet as a primary research source, according to a study by the National Association of Realtors and Google.

UK

The Week reports a "chronic shortage of affordable, good quality homes" in Britain.

Over the next decade it is estimated that 270,000 new homes will be needed each year, yet on average only 147,000 are being built. Last year house-building dropped to only 100,000, the lowest level since 1924.

The UK population is growing, although not as fast as that of Australia.

The 2011 Census showed that the British population increased by 3.7 million people over the decade since the previous Census in 2001 and is forecast to reach 70 million by 2027.

To solve this problem politicians have become attracted to the idea of building on brownfield sites (land that has previously had a permanent structure on it) as these available sites have the potential to fit in some 1.5 million new homes.

However, there has been much political wrangling, largely due to the potential that greenfield land could also be released and vested interests are making progress towards new home construction painfully slow.

One problem with brownfield sites is that it they tend to be expensive to build homes on – there is on average some £200,000 per hectare of demolition work to be carried out before developers can build the much-needed homes on them.

These locations are often seen as less desirable being located in run-down parts of cities or former industrial sites.

This, combined with the fact that some sites are contaminated, makes brownfield sites a tricky proposal for developers.

Dubai

With rental rates rising by an average of 24 per cent in some of the most popular areas, Dubai landlords are increasingly looking for tenants to provide salary certificates to prove they can afford to cover the rent instalments, a senior real estate executive said.

"It is quite prevalent when renting properties that are government owned or managed," said Zubin Firozi, head of property management at Better Homes, Dubai's largest real estate agency.

"It is becoming more common now with other landlords when they doubt the prospective tenants affordability. Such requests are not welcomed by tenants as some see such request as being offensive; however it is understandable from the landlord's perspective.

"It is important to know if the tenant renting the property can actually afford it and has no problem paying the rental instalments."

A recent report by Better Homes found nearly 88 per cent of those surveyed renting their home instead of buying.

The move by landlords to verify the credit worthiness of potential tenants comes as rental rates in Dubai rose by an average of 17 per cent last year, with some of the most popular areas rising by nearly a quarter, according to research by real estate consultancy CBRE.

Europe

Yasemin Rosenmaier has been selling homes in northern Italy since 2005 and she's finding that there's never been a better time to work for a German broker.

Despite more than three years of debt and banking turmoil, with bailouts totalling more than 400 billion euros, northern eurozone taxpayers have not actually lost a cent – in fact they've saved billions.

"I'd say 60% of our closings are with Germans, which is much higher than in previous years," Rosenmaier said from her real estate office in Lake Como. "Why? Fear of inflation, the uncertainty on the financial markets, fear of what happened in Cyprus."

Foreign investment in Italian holiday properties is rising as Germans, Britons and Russians take advantage of a market where locals are struggling to purchase even a first home. Residential sales in the country dropped almost 26% last year amid a plunge in mortgage lending, almost two years of recession, and uncertainty surrounding a new tax on primary residences.

REIANEWS

IS A PUBLICATION BROUGHT TO YOU BY THE REAL ESTATE INSTITUTE OF AUSTRALIA. FOR FURTHER INFORMATION ABOUT ADVERTISING, PLEASE CONTACT REIA MANAGER COMMUNICATIONS ON 02 6282 4277 OR AT ANDREA.CLOSE@REIA.COM.AU

16 THESIGER COURT, DEAKIN ACT 2600
02 6282 4277 I WWW.REIA.COM.AU