

REIANEWS

ISSUE 30: DECEMBER 2013

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REIA CALLS FOR
MUTUAL RECOGNITION

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Mr Peter Bushby
REIA President

PRESIDENT'S REPORT



WELCOME FROM REIA'S PRESIDENT

Welcome to the final edition of REIA News for 2013. What a year it's been. Last month I focused on REIA's tireless advocacy work over the past 12 months on the issues that affect our profession.

We will be watching closely when COAG meets tomorrow to discuss national licensing.

In this edition you'll find a number of those important issues, such as negative gearing, asbestos and privacy laws looked at in further detail.

But as this year comes to a close, I'm feeling a little celebratory because 2014 is REIA's 90th year, an extraordinary milestone for an association and one we are wholly proud of.

The idea of establishing an association to represent the interests of the real estate sector was born in 1923 at the *First Conference of Representatives of Real Estate Institutes and Associations throughout Australia*, held in Sydney and came to fruition by 1924.

Delegates from New South Wales, Victoria, Queensland, South Australia and Western Australia were present to

discuss matters related to the creation of a *Federal Council of the Real Estate Institutes and Associations of Australia*.

90 years on, we are stronger than ever and ready to celebrate.

The News Corp Australia/REIA National Awards for Excellence 2014 will be held at The Museum of Old & New Art (MONA) in Hobart on 20 March next year. This will, undoubtedly, be the most exciting Awards to date.

MONA is a unique destination and is drawing attention and crowds from around the world. How appropriate that we acknowledge excellence in the real estate profession at such a place.

Tickets are strictly limited to this event so I urge you to book them and your accommodation immediately. You can do so through the REIA website homepage www.reia.com.au

Thank you for your support over 2013. REIA News will return in February.

May you and yours have a safe and very happy Christmas and I look forward to great things for us all in the New Year.

Mr Peter Bushby
REIA PRESIDENT

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CHANGES TO NEGATIVE GEARING WOULD IMPACT INVESTORS



Negative gearing, by increasing investment in housing, is complementary to the goals of Government to improve the supply of rental accommodation.

Over 1.6 million Australians have invested in the residential property market.

In its recent report, the Grattan Institute proposed that investors would no longer be able to deduct any losses they made on investments (including mortgage interest) from their overall income when they calculate their tax liability. It is argued that this change “would have little impact on those in the bottom 20% who own relatively few investment properties.”

In fact, the majority of investors are ordinary mums and dads who have only one investment property. Taxpayers who earn an annual income of up to \$80,000 own 80% of all loss-making properties and, according to the taxation statistics for 2010-11, almost three quarters of investors had only one investment property.

Totalling over \$22 billion, interest on loans is the biggest expense to investors in properties representing 60% of the total rental property expenses. Three quarters of rental schedules pay interest on their loans

with the average interest (in 2010-11) being \$11,355 per rental property schedule.

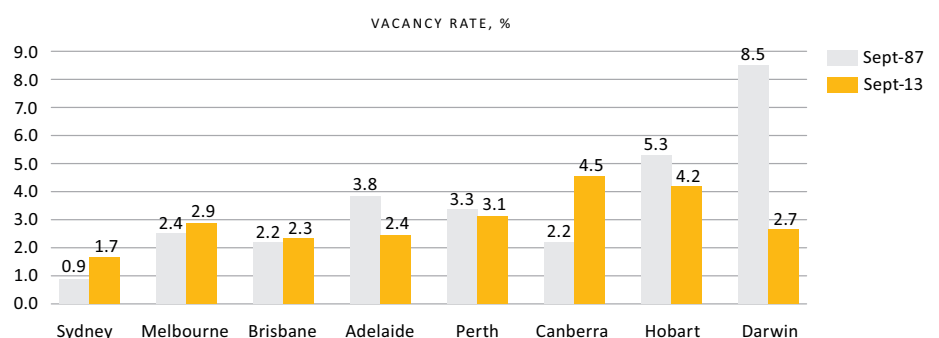
Introducing changes to negative gearing will inevitably impact on the investor’s decision. Analysis of the Taxation Statistics for 2010-11 shows that the implementation of the Henry Review recommendation – a replacement of current negative gearing arrangements with the introduction of a 40% discount for income from rental properties – would lead to an additional \$403 in tax each year.

This would be passed on to consumers as rent increases. Our data shows that during the twelve months to the September quarter 2013, the weighted average capital cities median rent increased 2.3% for a three bedroom house and 2.9% for other dwellings.

In a current tight rental market with the weighted average eight capital city vacancy rate at only 2.5%, expectations for the impact are similar to what we saw in the mid 1980s. Figure 1 below shows that the current market is not markedly different to where it was in 1985-1987 when negative gearing was removed and when rents went up substantially in Sydney and Perth.

Instead of arguing about negative gearing we should be addressing the housing supply issue. Concerns around land availability, lack of infrastructure, length and cost of approval processes and zoning policies, construction skill shortage, environmental regulations at the commonwealth level, ineffective taxes such as stamp duty, etc. contribute to the national housing affordability problem in Australia.

Figure 1



NAR 2013



Quentin Kilian CEO REINT



What do you get when you bring together over 20,000 real estate agents from around the world for a week in San Francisco? You get the most amazing and informative real estate (or realtor if you're American) event, which is what NAR 2013 was.



NAR's international delegation

The annual National Association of Realtors Convention & Expo is the world's largest real estate event and this year I had the privilege of being on the speakers' list.

We kicked off with the International Delegates' Reception then the Global Members Committee meeting, attended by over 800 delegates including those from a number of countries represented for the first time.

While the international delegates were busy finding out what the Global Committee had been up to, the rest of the attendees were sitting in on a number of events ranging from sales to IT and everything in between.

I joined forces with a land auctioneer from Iowa and together we presented a session exploring the differences and similarities between Australian and American auctioneering.

This year's product expo was so large it was spread across two massive expo halls. Most of it was US-centric, however I did find some products that might be of interest to our Australian members and I'll be passing the details on to REI CEOs.

Unfortunately, due to a bad shoulder I had to forgo carrying the Australian flag this year, but it was a task amply performed by REIWA CEO, Neville Pozzi, complete with a show-stopping inflatable kangaroo! Then we had

the opportunity to listen to former Secretary of State, Senator Hillary Rodham-Clinton, who was one of the most inspirational speakers I have ever had the pleasure of hearing.

Apart from attending a range of seminar sessions, we also had the Australian session in the international pavilion where the Australian delegates had the chance to present their products and services and swap cards.

It wasn't all work and we had some wonderful receptions and networking in the evenings, plus the concert at the end of the event, this year featuring 80's super-group Foreigner.

Next stop was Las Vegas where REIA Presidential Liaison to NAR, Michael



Michael Wellmore

Wellmore and I were part of a delegation hosted by the Greater Las Vegas Association of Realtors. We had the most amazing and detailed tour of Las Vegas which included a meeting with the former Mayor, a tour of the world's largest internet 'cloud' facility and a project that is transforming downtown Vegas.

Next year's event will take place in New Orleans and I thoroughly encourage all Australian agents to consider joining us there in November and making a really strong Australian delegation.



REIWA CEO Neville Pozzi

I attended my first National Association of Realtors (NAR) conference in San Francisco in 1973. Given my new role as the REIA Liaison to the USA it was very poignant to return to the City by the Bay some 40 years on for the latest event. While much has changed, a lot is the same and the conference served to reinforce my belief that there is much to be gained by agents everywhere attending NAR conferences on a regular basis. I have attended many over the years and I must say they are like no other real estate event on the planet. In terms of obtaining an insight into agency practice in other countries and meeting fellow agents with whom you can exchange ideas and learn new insights, NAR is without equal. In short, you cannot come away from such an event without having your perspective expanded on the opportunities that exist in agency practice. It "blows your mind" and without the substances the city was known for in the 60's and 70's!

It appears from the audience participation that, for the most part, auctions are seen as a tool for distressed sales. I think it is an area that Australia could assist with as we see it very differently. The style of auctioneering as presented was also an eye-opener, reminiscent of cattle sales I'd been to with my father as an eight year old. While the US audience was impressed with the rapid fire calling and linguistic dexterity of the performance, it would create horror in the minds of any million dollar plus seller in Toorak or Potts Point and I suspect would scare off bidders at any auction in any suburb of any city in Australia.

I met with Steven Brown, the new NAR President and ensured that REIA at least has a friendly face that he has met and I invited him to pay a visit "Down Under", as the Americans are fond of saying.

I suggest that if you are not already going that you consider the NAR Conference next year in the deep south – fabulous New Orleans. This is a whole different experience to anywhere else in the USA, so if you have never been book your tickets as soon as they are available in 2014.

REIA News will provide details as they come to hand.

Michael Wellmore

REIA PRESIDENTIAL LIAISON TO NAR

ASBESTOS

This article is brought to you by
REIA Manager Policy, Jock Kreitals
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I last wrote about asbestos in June outlining the draft *National Strategic Plan for Asbestos Management and Awareness* (Plan) which was being developed by the Commonwealth Government in consultation with state and territory and local governments and a range of non-government stakeholders including REIA. With Asbestos Week in late November, it is timely that I report on further developments.

Asbestos and its presence in the built environment has again been making headlines, this time with Telstra pits as it lays cable for the NBN. Its presence in many government, public, commercial and residential buildings – approximately one-third of all homes built between 1945 and 1987 contain asbestos products – means the potential of exposure and associated health effects will continue for years to come.

The Plan has now been finalised. A target of 2030 has been set to have government occupied and controlled buildings free of asbestos containing material and for commercial buildings to have all high risk asbestos containing material safely removed.

These targets were always considered ambitious by some stakeholders when the number of buildings involved is considered. In response

to a series of questions to the Commonwealth agencies involved in the administration of the Plan on the 2030 target at the Senate Estimates hearings in November, it appears that slippage is expected and the target was considered as “aspirational”.

For residential buildings there is no target for the removal of asbestos containing material. The Plan provides for the investigation of measures to assist the residential sector minimise the risk of exposure, in particular for DIY home renovators. The feasibility of a future prioritised removal program for residential properties, including the potential impact on home owners is also to be examined.

During the discussions at Asbestos Week it was evident that the current arrangements for asbestos disposal are not coping. Dumping fees are high and show great variation between councils leading to illegal dumping and the travelling of long distances to low-cost disposal locations, increasing the risk of exposure. There is a call for a national approach and the waiving of fees.

Despite there being no target set for asbestos removal, the national workplace health and safety laws and a duty of care still apply to agents conducting their normal business. The duty applies so far as is reasonably

practicable. Safe Work Australia has published guidance on the meaning of ‘reasonably practicable’. Safe Work Australia has indicated that:

Things a real estate agency or the agent’s business may need to do include:

1. allowing time to consult with the owner(s) and check the condition of the property
2. if a particular access point is unsafe—using alternative means to access the property, securing pets
3. if something is potentially dangerous—for example an unstable structure, damaged asbestos sheeting or exposed wiring—consider alternatives to an ‘open house’ or (if possible) isolate the source of danger from the rest of the property for example by securely locking off access, and
4. using barricades, signs or other methods of communicating potentially unsafe things for example unsafe flooring or deck and instructions not to use these things.

Businesses should contact their local regulator for more advice in these circumstances.



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



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REIA CALLS ON COAG TO AGREE TO MUTUAL RECOGNITION SOLUTION

The Real Estate Institute of Australia (REIA) says it is astonished that the Productivity Commission would propose that COAG adopt a rushed deadline to implement an ineffective legislative scheme that ‘dumbs down’ the real estate profession.

REIA President, Peter Bushby said that REIA believes that mutual recognition is the answer rather than creating a centralised bureaucracy through the National Occupational Licensing Authority (NOLA) which is wasting millions of taxpayer dollars a year.

The Commission’s Draft Report on Geographic Labour Mobility recommends that COAG, at its meeting tomorrow, should take remedial action now to ensure national occupational licensing reforms commence in 2014. This appears to go against the Commission’s own analysis and reasoning.

“The Commission’s key finding is that personal factors and their interaction with locational factors, tend to dominate relocation decisions. It further states that it has not identified any policies or distortions that significantly impede geographic labour mobility in Australia.”

“In any case we should be clear that the skills governments are trying to attract to specific areas of shortages do not include those of real estate agents. The current arrangements of state licensing for the real estate profession do not act as real impediments to mobility.”

“It is worthwhile noting that the organisation established to administer national licensing, the National Occupational Licensing Authority (NOLA), in its submission to the Commission says that the original timeline for implementing the current project was overly optimistic and that

it underestimated the complexity of achieving the national consensus and legislative change required for the project.”

NOLA also said that there are a number of factors including conduct harmonisation that need to be addressed before the benefits of national licensing will be fully achievable.

“The Productivity Commission should have done its own analysis on the scheme before recommending to COAG that it impose a flawed and ill-conceived model onto the Australian people. Surely it is better to fix the problems rather than impose an artificial deadline?” concluded Mr Bushby.

REIA is preparing a submission in response to the Productivity Commission draft report.

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The Hon Bruce Billson MP
MINISTER FOR SMALL BUSINESS

Minister for Employment, Senator Eric Abetz and the Minister for Small Business, Bruce Billson joined the Fair Work Ombudsman to launch a new helpline for small business.

Small business people who call the Fair Work Ombudsman on 13 13 94 will now receive priority service which will help them to efficiently improve their understanding of the laws so they are confident to grow, invest and create jobs.

The Fair Work Ombudsman will assist small business people by reducing waiting time, educating and assisting the sector to comply with workplace laws and reduce the stress on small business owners.

Employers can call the Fair Work Infoline on 13 13 94 between 8am and 5.30pm weekdays to obtain free advice and assistance from a team of expert advisers. A free interpreter service is available by calling 13 14 50.

There are also a range of tools and resources available on [the Fair Work Ombudsman's website](#).



The Hon Chris Bowen MP
SHADOW TREASURER

Shadow Treasurer Chris Bowen recently addressed the National Press Club in Canberra and covered a number of topics including housing affordability.

“While the housing market has reached boom levels in a low interest-rate environment, first-home buyers are being squeezed out of the property market, making up a record low 6.8 per cent of new housing loan commitments in NSW in September, a sharp fall from the peak of 34 per cent in May 2009.”

“In 2009, around 30% of lending activity involved first home buyers, in today’s market, this number is down to about 12%.”

“The fact is that it has been getting harder for first home buyers. None of this is to suggest there are easy solutions or magic bullets and of course this is an issue which requires buy in from each of the three levels of government.”

2013 AGM AND BOARD DINNER

The Real Estate Institute of Australia (REIA) is thrilled to announce that President Peter Bushby will continue at the helm of the national association for Australia's real estate profession.

Morgan Shearer, REINT President continues as REIA Vice President.

"It's been year of learning and understanding and I'm very happy to

use the experience I've gained over the past 12 months to work to further the Association's goals," says Mr Bushby.

The final Board meeting of 2013 also saw former REIA President Pam Bennett step down from the REIA Board.

Pam has been involved in real estate for the past 40 years and since 1975, has owned and operated her own real

estate agency and was one of the founding members of the Professionals Real Estate Group in Queensland.

After selling her Professionals business at the end of 2006 she formed Coolaroo Properties Pty Ltd, a buyer/seller boutique real estate agency.

Pamela has been a member of the REIQ since 1978 and was REIA President 2011-2012.

"Pam is an icon in the profession and has worked tirelessly over the years. Her contribution to both the REIQ and the REIA has been immeasurable," said Mr Bushby.

At the final Board dinner of 2013, the REIA Board and REI CEOs were fortunate to enjoy the company (and the tales) of journalist and presenter Annabel Crabb, whose engaging style has made her a household favourite in Australian current affairs TV.

REIA was delighted to have Direct Connect as sponsor for the dinner speaker and to have CEO Paul Docherty in attendance.



Direct Connect CEO Paul Docherty and journalist Annabel Crabb



Former REIA President Pam Bennett

INDUSTRY ARTICLE

DIRECT CONNECT LAUNCHES THE ALWAYS ON GUARANTEE



Direct Connect has the strongest moving services team in the country, with over 100 dedicated people driven by the need to make a difference. We have built our company around providing an unmatched level of service for our Agents and their customers, and consider every connection we receive a priority.

We have heavily invested in the real estate industry by taking the time to understand the demands of their business. We have also developed industry leading products to make sure they save time and to remove the hassle of moving for our Agents and their customers.

At Direct Connect, we're always looking to deliver greater value through better innovations, better systems and better service. With over 3,500 agents currently using Direct Connect, our commitment to being the industry innovator continues with the introduction of the Always On Guarantee.

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one of our market leading electricity and gas suppliers, their services will be connected on the day they move in.

If this does not occur, we will assess their situation, provide a prompt resolution and cover reasonable out of pocket expenses resulting from the connection delay.*

We take pride in our vision to make moving easier and as a result, we follow every connection to completion through our supplier integrated systems, and our dedicated Quality Control, member services and account management teams. Our industry leading Always On Guarantee will offer greater peace of mind for our Agents, and just as importantly, highlights how committed we are to protecting the integrity of our Agents brand.

Direct Connect understand your business, and that's why we continue to deliver the best for our agents including access to a reloadable Direct Connect VISA Card, highly competitive commissions, dedicated Account Managers in each state and now the Always On Guarantee.

To celebrate the introduction of the Always on Guarantee, Direct Connect have developed two promotions for both the Mover and Agents.

AGENT PROMOTION:

All staff that work within the Real Estate Agent Industry can go in the draw to win a trip to New York – The city that's Always On! Valued at over \$15,000 the prize includes flights for two to New York,

5 nights' accommodation, 2 Broadway show tickets and \$2,000 spending money. This promo runs until 15 December 2013.

Enter online at www.agents.directconnect.com.au/newyork

MOVER PROMOTION:

All movers who use the Direct Connect service will go in the monthly draw to win a \$1000 VISA Pre-Paid Card to help with their move. This promotion will run for 6 months commencing on 30 October 2013 to 30 March 2014. Visit www.directconnect.com.au/move for full details and terms and conditions

* For full information and terms and conditions about the Always on Guarantee visit www.agents.directconnect.com.au/guarantee or contact Direct Connect Member Services on 1300 558 169.

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*Visit agents.directconnect.com.au/guarantee for full Always on Guarantee and promotion terms and conditions.



COMMUNITY SERVICE ARTICLE

BREAKING DOWN THE LANGUAGE BARRIER

Eligible real estate agencies can register now to use a free interpreting service allowing non-English speaking Australians to access the private housing market.

An innovative pilot, providing free phone interpreting services for eligible agencies through the Translating and Interpreting Service (TIS National), is underway. Licensed agencies located in an eligible area can now register with TIS National to access the free phone interpreting service, by completing an [online form](#).

Eligible areas are found in all Australian capital cities, many regional cities and some rural areas where new permanent arrivals are settling. A list of eligible areas, by post code, is available on the [TIS National website](#).

This Department of Social Services pilot is set to run until 30 June 2015.

OBJECTIVE OF THE PILOT

The pilot aims to help make the private housing market more accessible for non-English speaking Australians. Research shows these people, particularly refugees, face many challenges when attempting to secure accommodation in the private housing market that are often exacerbated by language barriers.

PILOT EVALUATION

The pilot was evaluated in early 2013. The evaluation included survey responses from participating real estate agencies, selected non-government organisations that provide support services to recent migrants and a small number of their clients. An analysis of data collected by TIS National throughout the pilot was also included in the evaluation.

Responses to the agencies' survey indicated the free phone interpreting service assisted them to communicate on a range of housing matters, particularly rental properties. One agent noted the interpreting service available through the pilot "takes the stress out of coping with the language barrier." All survey respondents who had accessed the service indicated they would recommend it to their colleagues and access it again if it continued to be available.

UPTAKE OF THE PILOT

There are currently around 330 agencies registered with TIS National for the pilot. Real estate agents located in New South Wales have accessed the service most frequently, followed by

agents in Victoria and Queensland. The main languages requested are Persian, Arabic, Mandarin, Nepali and Dari.

RESOURCES FOR REGISTERED REAL ESTATE AGENCIES

Once registered with TIS National, agencies will receive a welcome pack with information on interpreting services and [TIS National promotional products](#), including a national interpreter symbol window sticker. These resources will assist agencies to use the free interpreting service and alert clients to the availability of interpreting services.

To support non-English speaking tenants with understanding their rights and responsibilities when renting a property, REIA, in partnership with the Australian Government, has translated the '*REIA Consumer Fact Sheet - Renting a Property – Tenant*' into the following languages: Arabic, Hazaragi, Farsi, Chinese, Karen, Chin Haka, Tamil, Kurdish, Nepali and Dinka. These fact sheets are available on the [REIA website](#).

Visit the [TIS National website](#) to register or for more information.



Australian Government
Department of Social Services

Non-English speaking client
+ **free interpreting services**
= **more business**

Did you know licensed real estate agencies located in eligible areas across Australia can register for free phone interpreting services through the Translating and Interpreting Service (TIS National). The real estate agencies pilot helps real estate agencies to communicate with Australian citizens and permanent residents who have limited English on a range of private residential property matters at no charge.

For information on how to register go to [real estate agencies pilot](#)



INDUSTRY ARTICLE

KEEP LEARNING TO STAY AHEAD



John Goddard

In real estate we mostly work in small and medium firms where the day to day business pressures often prevent us thinking about our most important asset: ourselves and our colleagues. This short article may help you set some time to address the important topic of developing oneself.

In the future the average person will work 40 to 50 years, that's 13,000 working days based on 50 years. Take holidays/sickness into account and you still have 12,000 days.

So in your 12,000 working days, what is a realistic investment in learning?

Most people who work in real estate sales arrived there with minimal formal learning after schooling. Some have come from other industries where a diploma or degree has been completed. Some will have completed introduction and accreditation courses offered by real estate institutes. Some will have been trained "on the job" by a work colleague and some in a formal training environment offered by TAFE, a franchise group or a training company.

When you look at the key skills required to work in real estate it's obvious that such a demanding role requires a high level of training and ongoing personal development. I see three main areas for ongoing learning for anyone in a real estate business; people technology and business/process.

People skills – The first requirement is people skills. You may not need a psychology degree, but you do need to be an amateur psychologist. Real estate management is really about people management. Therefore we all need to better understand people and how to get

along with them. There is a term used in the general business community that's worth thinking about; "IQ gets you hired, but EQ (Emotional Quotient) gets you ahead and into more responsible roles". We all need to develop our people skills.

Technology skills – Today, very few businesses are using software and hardware that's more than five years old. The proliferation of mobile technology linked with cloud based solutions is accelerating change. Learning how to use new technologies will therefore become even more important in the future. Leading software suppliers are constantly adding new features that need to be learned. Many new features aimed at improving communication with vendors, owners, tenants and third party suppliers need access to the latest internet technologies, which also require new skills to deploy and use.

Processes/business skills – Every business and each person in that business needs to follow clearly defined processes that determine the best way for tasks to be undertaken in the fastest possible time. Good businesses need to constantly review these process and people are the key resource to question the processes and improve them.

So how much time do you need to dedicate to develop yourself this year? Let me suggest a few ideas for study that will make a difference to your work and home life. You should also think of other topics to add to my suggestions that require a little more time to learn.

Commit two days to read Emotional Intelligence by Daniel Goleman if you want

to advance your career and develop an insight into the way and why people act.

Commit one day to research the topic of 'management' on Wikipedia and then commit three to 10 days to self-study over the next six months, by reading, or attending a formal management training program.

Commit one to two days with your current software partner to learn the features of their latest software version and attend a two day conference on real estate sales or property management organised by a credible conference organiser.

Commit one day to learn about continual improvement (kaizen) and then apply the ideas in your work team.

Does setting aside 10 to 12 days in 2014 for personal development seem like a big challenge? Do you have bigger goals, maybe a part time degree? What other personal challenges have you set for the New Year? Remember if you want to develop yourself you cannot leave it to others, it really is your responsibility.

John Goddard was Rockend CEO from 2004 to 2012. He currently heads Rockend's sales and marketing teams. He is personally committed to life-long learning and encourages all Rockend staff and their clients to take control of their personal development, both through work and personal learning.

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

PRIVACY AMENDMENT ACT



At the end of last year, the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* was passed by the Parliament. From 12 March 2014, new Australian Privacy Principles will replace the ten National Privacy Principles that currently regulate the handling of personal information about individuals, including collection, use, storage and disclosure of personal information by large businesses, all health service providers and some small businesses and non-government organisations.

Most small businesses do not have to comply with the Privacy Act. Privacy laws apply to small businesses with an annual turnover of \$3 million and over and the operators of residential tenancy databases (RTD)¹. Therefore, the majority of real estate businesses are not bound by the Australian Privacy Principles introduced by the new law. According to the Australian

Bureau of Statistics' (ABS) *Counts of Australian Businesses* publication, only 4.7% of Real Estate Services businesses have a turnover size of \$2 million and more. Operators of RTDs must comply with the Privacy Amendment Act but agents and property managers with annual turnover of less than \$3 million will not qualify for the requirement. Notwithstanding, agents are encouraged to respect the privacy of individuals.

For other parts of the Act (i.e. new civil penalty provisions), small business operators are bound. The Australian Information Commissioner will have the power to seek civil penalties for breaches by an entity (including small business operators) of any of the civil penalty provisions under the Act. Most civil penalty provisions relate to credit reporting and dealing with credit reporting information.

A major change that may affect real estate is the new Australian Privacy Principle 7. This sets out, in a direct way for the first time, how and when personal information collected by something like a real estate business that complies with the Australian Privacy Principles may be used for direct marketing purposes.

Those agencies subject to privacy laws will have to review their practices to ensure compliance with the new principles. Although in practice there is no one big change, there are sufficient small changes (e.g. enhanced powers for the Australian Information Commissioner, changes to credit reporting laws) so as to require all privacy practices to be reviewed. These include the complete rewrite of any procedure manuals referring to the National Privacy Principles, so they refer to the correct Australian Privacy Principle, as well as reflect

» *article continues*

¹ Tenancy databases generally store personal information about individuals relating to defaults or alleged defaults on tenancy agreements, including: failures to pay rent and damage to rental property. This information is usually supplied to tenancy database operators by real estate agents. The information in these databases is then accessed by real estate agents assessing potential tenants.

minor changes of practice required by the new principles (if any).

Legal costs associated with a review or audit of entities' privacy policies and practices will vary depending on the volume of documents that needs to be reviewed and the nature of any other audit-related tasks required. An entity could carry out its own privacy audit without assistance from a lawyer provided the entity is confident they understand the requirements imposed by the amendments to the Privacy Act. An entity may also enter into arrangements with law firms that are cost effective but still allow them to receive the legal support they need.

More information can be found at: <http://www.oaic.gov.au/privacy/privacy-act/privacy-law-reform>

PRIVACY AND REAL ESTATE

The privacy laws apply to you if

- you are running a business with an annual turnover of more than \$3 million
- you operate a residential tenancy database providing information on tenants to other people

Changes from 12 March 2014

1. Australian Privacy Principles

The Privacy Amendment Act includes a set of new, harmonised, privacy principles that will regulate the handling of personal information by both Australian government agencies and businesses.

2. Enhanced powers for the Australian Information Commissioner

- accept enforceable undertakings
- seek civil penalties in the case of serious or repeated breaches of privacy
- conduct assessments of privacy performance for both Australian government agencies and businesses

3. Changes to credit reporting laws

- the introduction of more comprehensive credit reporting which will allow the reporting of information on an individual's current credit commitments and their repayment history for the previous two years
- a simplified and enhanced correction and complaints process
- a prohibition on the reporting of credit-related information about children
- a prohibition on the reporting of defaults of less than \$150
- the introduction of specific rules to deal with pre-screening of credit offers
- the introduction of specific provisions that allow an individual to freeze access to their credit related personal information in cases of suspected identity theft or fraud
- the introduction of civil penalties for breaches of certain credit reporting provisions

FIABCI AUSTRALIA REPORT



Chris McGregor

FIABCI World Council of Brokers (WCB)

STUDENT AND YOUNG PROFESSIONALS MENTORING PROGRAM

GOAL: Develop general guidelines for FIABCI WCB members to establish a mentoring relationship with a university student studying real estate in their market area or a Young Professional already involved in the business. Beyond sharing of best practices, mentoring relationships should encourage building bridges to link world cultures and traditions with mutual respect and support decent and peaceful condition for housing.

FIABCI WCB volunteers will be encouraged to identify a university student who wants to improve his/her relations within the real estate industry and/or pursue a career in real estate, or a young professional already involved in the business, and engage them in the FIABCI WCB mentoring program, including affiliation with FIABCI with a Student Status or Young Member

Status. These mentoring “partnerships” will be highlighted at the 2014 FIABCI World Congress in Luxembourg.

As each academic institution may have its own guidelines/processes for supporting a mentoring program, the FIABCI WCB program will provide high level guidelines and minimum standards for individuals FIABCI members to use.

FIABCI Councils or Principal Members interested in getting more information and/or contributing to the efforts of the Student/Young Professionals Mentoring initiative workgroup should contact FIABCI Australia on 02 6282 4277.

Chris McGregor

PRESIDENT • FIABCI
AUSTRALIAN CHAPTER

MERRY CHRISTMAS AND A HAPPY
NEW YEAR FROM ALL AT THE REAL
ESTATE INSTITUTE OF AUSTRALIA.

REIA NEWS WILL BE BACK IN
FEBRUARY 2014.



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INDUSTRY UPDATE

Industry news from around Australia



Not for Profit Realtor

A Melbourne housing service for the homeless has called on the public to support an unusual concept: a not-for-profit real estate agency.

Landlords will be able to choose to have their property managed by HomeGround Services, with the agent's commission funding housing for the disadvantaged.

HomeGround chief executive Dr Heather Holst said the agency had received its state government licence and will be open by February.

Dr Holst said the agency would primarily act as a social enterprise managing landlords' property. Anyone who owned a rental property could enlist the agency to manage it.

It will also be keen to hear from philanthropic landlords willing to discount rent for disadvantaged people or to offer properties rent-free for a period.

The Age

Future demand for housing

The ABS release of population projections imply strong demographic demand for housing will continue to be a feature of the Australian economy, said the Housing Industry Association (HIA).

"Throughout the last decade housing supply policy has not been given the priority deserving of issues that play such an important role in our economy and in the welfare of the community," said HIA Economist, Geordan Murray.

Infrastructure costs

The Australian Constructors Association (ACA) welcomed the announcement by the Federal Government of a Productivity Commission Inquiry into Infrastructure Costs. Construction contractors have been saying for a long time that there has to be a fundamental re-think about how infrastructure projects are funded and managed through the project development, tendering and operational phases.

COSBOA

The Council of Small Business of Australia (COSBOA) has announced the appointment of a new Chairman – Andrew Conway, CEO of the Institute of Public Accountants. In his first statement as Chairman Mr Conway thanked and recognised the work of outgoing Chairman and REIA CEO, Amanda Lynch stating, "Amanda played an instrumental role as the Chairman of COSBOA as we moved to the top tier of influence in the business community and we were invited to join activities such as COAG, the B20, a number of economic forums and various other groups."

Apartment approvals

Apartment approvals are dominating the NSW housing market according to the latest monthly approvals from the ABS, says the Urban Taskforce.

"Apartment approvals in October were 2,620 while house approvals were only 1,684 for NSW," says Urban Taskforce CEO, Chris Johnson. "The Sydney apartment market is growing dramatically according to the latest figures and our stalled planning reforms must not slow down this momentum."

"Most of the apartments are located in the inner ring of Sydney where some anti-

development action groups are lobbying the NSW Government against reforms to the planning system. Clearly the planning system must support the increasing interest of consumers in living in apartments in urban areas. The NSW Government needs to champion apartment living as a key part of solving Sydney's housing shortage."

Bird's eye view

Drone helicopter technology invented during the Cold War is now being used to shoot videos for prestige properties. Click on a link and a buyer can fly through the house, across the rear terrace and pool and then zoom 150 feet into the air to check out the views and location.

"We did a video for a house with a sworn valuation of \$1.15 million and it sold for \$1.5 million," said Mark Pearman of Thomson Real Estate about a bayside property in Melbourne.

"Everyone who turned up at the auction had seen it [the video] and was talking about it. It really sold the lifestyle."

Drones or "remotely piloted aircraft" were developed by the US military for spying and, in the same way as other military inventions such as Global Positioning Systems and microwave ovens, are now being commercialised.

State-of-the-art helicopter drones cost about \$10,000 each, although cheaper versions are on sale for less than \$1000.

"We can fly up to the front door of the house from a long distance. We then use the drone like a steady cam and walk through the property, out the back door and then launch again," he said. "It's almost like you're a bird."

That footage is then turned into an edited film by production companies.

AFR

MAKING NEWS

General national news



Tax bill deadline

Taxpayers who have received an income tax bill for the 2012-13 financial year are reminded to pay any amount owing by the due date to avoid interest charges. The easiest way to pay outstanding tax bills is by BPAY or a credit card.

“Paying by BPAY and credit card is safe and secure and provides you with the convenience of paying online or through our self-help phone service at any time,” said Acting Tax Commissioner Geoff Leeper.

If taxpayers are unable to pay their outstanding tax bills on time they should contact the ATO as early as possible so we can help to arrange payment.

“There are options available to assist taxpayers who are unable to pay their bills by the due date, such as payment plans relevant to your circumstances,” Mr Leeper said.

To use these services individuals can log in to our online services portal at www.onlineservices.ato.gov.au, or call the 24-hour self-help automated service on 13 28 65.

Genworth Home Grown Mortgage Industry Perspectives 2013

Genworth Australia has released the 2013 Genworth Home Grown report. The report is an overview of mortgage industry perspectives on trends in credit demand, borrower sentiment, channel distribution and innovation, as well as the outlook for the Australian market. The 2013 edition has found that against a backdrop of weak economic growth, lenders expect that regulatory impact, slow credit demand and housing affordability issues will challenge the mortgage industry over the next five years.

The report says that moderate credit growth is the new normal with the days of double-digit growth now passed. Industry experts surveyed by Genworth believe concerns about a property bubble are premature, given the fall in prices following the GFC. Scrapping stamp duty

is seen as the Government change that would benefit the mortgage market however this will only incentivise demand, increase prices and worsen affordability.

More details available [here](#).

An Ageing Australia: Preparing for the Future

A report by the Productivity Commission, *An Ageing Australia: Preparing for the Future*, has found that Australia is facing a major slowdown in its growth in national income per capita and productivity outlook at the same time that ageing will start to make major demands on the budgets of all Australian governments.

The Commission estimates that population ageing will place pressures on government budgets of 6 per cent of GDP by 2060, and reduce labour supply per capita. It projects that labour force participation rates will fall from 65 to 60 per cent. The population aged 75 or more years is projected to rise by 4 million from 2012 to 2060. In 2012, there was roughly, one centenarian for every 100 babies. By 2060, it is estimated that there will be 25 such centenarians.

The report makes no recommendations, but raises three areas for policy consideration: a design of the Age Pension and broader retirement income system; using some of the annual growth in the housing equity of older Australians could help ensure higher quality options for aged care services and lower fiscal costs; wide ranging health care reforms.

Infrastructure

The Urban Development Institute of Australia (UDIA) National President Cameron Shephard said that Australia's economic productivity and the quality of life in our cities will be threatened if infrastructure and housing provision do not keep up with population growth.

“Our population is going to grow enormously over the coming decades, which will bring fantastic economic benefits for Australia and provide new opportunities for our society. It is essential however that we manage that growth sustainably, by ensuring we are well prepared to provide the new homes, roads, schools, public transport and other community infrastructure that those additional people will need.”

“Failure to do so is likely to worsen existing congestion and housing affordability problems, threatening both the quality of life in our cities, as well as Australia's economic productivity.”

“It is vital that the new Federal Government increases its focus on urban policy and Australia's cities, and that the recent abolition of bodies such as the National Housing Supply Council does not negatively impact on this vital area of economic and social policy. The ABS figures clearly show that as a nation we need to be putting more resources into planning and managing the growth of our cities, not less.”

Small business confidence

CPA Australia's fifth annual *Asia-Pacific Small Business Survey* shows around one in five Australian small businesses expect to employ more people in 2014 and a significant proportion expect to invest in new assets over the next 12 months.

The report is encouraging news for a sector that has been doing it tough, weighed down by unnecessary red-tape and struggling as a result of political uncertainty.

Small business will play an integral role in the over the horizon economy but that needs to be nurtured by a strong and sensible Government as recommended in this survey.

The *Asia-Pacific Small Business Survey* 2013 is part of a longitudinal study underway since 2009, designed to take the temperature of small businesses throughout the Asia Pacific.

POLITICAL WATCH

Information and news from government



Paid Parental Leave

Legislation that would minimise the involvement of small business in Paid Parental Leave (PPL) has been introduced into the House of Representatives. The Social Services and Other Legislation Amendment Bill 2013 would see PPL paid directly by Centrelink from March 1, 2014.

Red tape

The Real Estate Institute of Queensland (REIQ) has welcomed two landmark pieces of legislation which will cut red tape and make it simpler to buy and sell real estate across the State.

The tabling of the Property Occupations Bill and the Agents Financial Administration Bill into parliament was the end result of more than 12 months of collaboration between the State Government and industry.

Key changes in the proposed legislation simplify and streamline the process of buying and selling real estate in Queensland include:

- Removing the requirement for agents to disclose to a buyer the commission the agent is receiving from the seller;
- Extending the statutory limit on lengths of appointments for a sole or exclusive agency from 60 days to 90 days to better reflect market realities;
- Deregulating the maximum commissions' payable;
- Abolishment of a separate Warning Statement instead this will be included in the relevant contract; and
- Stricter disclosure of third party benefits to buyers.

Population

Latest population projections for Australia released by the Australian Bureau of Statistics confirm that Melbourne and Victoria will

continue to accommodate strong population growth over the coming 50 years.

The statistics released by the ABS forecast Melbourne's population is expected to surpass Sydney's by 2053. However the projections also indicate Melbourne could be Australia's most populated city by as early as 2030.

The projections indicate that Melbourne's population is expected to reach 8.6 million by 2061. Victoria's population is also expected to continue to grow strongly from 5.6 million in 2012 to 10.3 million in 2061 – an increase of 83%.

NSW strata

Minister for Fair Trading Anthony Roberts has proposed reforms that will improve strata living for millions of people across NSW.

Mr Roberts said there are more than 72,000 strata schemes in NSW and an average of five new schemes are registered each day.

"It is estimated that by 2030 half of Sydney's housing stock will be multi-unit dwellings and the proposed reforms will strengthen a culture of community and cooperation in strata," Mr Roberts said.

"They support democratic, accountable and transparent decision-making and empower strata communities to chart their own futures."

A Position Paper: Strata and Community Title Law Reform highlights 70 proposed changes by the NSW Government, including:

- Requiring managing agents to disclose at each Annual General Meeting any commissions received in the previous 12 months and to seek approval for those expected during the next year. All non-monetary benefits and gifts from third parties will be banned;
- The model by-laws will allow for certain pets and prohibit smoke drift where it causes a nuisance or hazard;

- Hardwood floors will need owners corporation approval;
- Notice will be required for changes such as refitting a bathroom but approval will not be required for minor cosmetic changes such as painting a wall or inserting a picture hook;
- Owners corporations will be able to limit the number of people who occupy lots to prevent overcrowding;
- Owners corporations may enter into an arrangement with the local council to issue penalty notices for unauthorised parking;
- Tenants will be given the right to attend and participate in owners corporation meetings;
- When registering a scheme, unit entitlements must be determined by an independent valuation to provide more transparency and consistency;
- The limiting of proxy votes to prevent an individual or group controlling decisions; and
- Documents may be issued and meetings held electronically as an alternative method to traditional paperwork processes and meetings.

Labor's Asset Write-off

Shadow Minister Assisting the Leader for Small Business, Bernie Ripoll, said the last chance is fast approaching for Australia's small businesses to take advantage of Labor's Instant Asset Write-Off and Deductions for Motor Vehicles.

"The Government's legislation sets out that the deadline for Labor's small business assistance is January 1 2014.

"My advice to Australia's small businesses is clear, if you were considering buying equipment for your business, the time to act is now."

THE WORLD

Property news from around the world



Dubai

The Land Department is releasing 17 real estate properties for online auction, a first for the department, according to Gulf News.

Potential buyers can browse through the auctions using a new portal which can be accessed through the Land Department's official website.

The portal provides many real estate services, including the auction, sale, purchase and rental of real estate through an electronic registration service for tenancy contracts.

Traders will be able to complete purchases of properties easily and pay through an online wallet available to registered traders.

Both residential and commercial properties are listed for auction.

Each listing includes detailed list of the property, including a map.

Hawaii

Hualālai Resort, the award-winning residential resort community on the North Kona Kohala Coast of Hawaii Island has reported residential real estate sales of \$134 million for the first nine months of 2013, exceeding by 20 percent the resort's total-year sales in 2012.

During this period, Hualālai recorded the second highest number of year-to-date transactions in its history and surpassed a milestone of \$2 billion in total real estate sold since the resort's 1996 opening. 2013 marks the 14th consecutive year that real estate sales at Hualālai have exceeded \$100 million.

In the first three quarters of 2013, the average sale price of a single-family residence at Hualālai was \$7.7 million. The majority of buyers were from the West Coast, and new buyers came from Colorado, New York, Arizona and Australia. More than one third of the buyers were current Hualālai owners who purchased a larger or additional home at the resort.

Chinese investment

Many Americans are still skittish to buy a home but Chinese investors are snapping up U.S. real estate, Dolly Lenz, a real-estate broker to New York's rich and famous, says.

Americans "are still lacking that confidence to jump in – and they're doing that buy-versus-rent analysis," Lenz said. "Every time there's an interest-rate jump, guess what? Rent wins."

The Chinese, on the other hand, are finding high-value properties in the U.S. a relatively stable place to park money long-term.

Top markets like San Francisco and Los Angeles, and ski resort towns like Park City in Utah where demand remains sky-high, have all become top choices for Chinese buyers.

The Chinese impact on U.S. real estate is "very strong and, I believe, getting stronger ... picking up steam as we go along," Lenz said. Americans tend to have a "money under the mattress" culture, Lenz said, while the Chinese "are a true investor group" when it comes to real estate.

One market still a bit light on Chinese buyers is New York City – mostly due to the large number of co-op apartments there, Lenz said. These typically come with rules and restrictions on who can buy into the building and boards can reject an application for any reason.

Bahamas

The shadow of the global recession hasn't left the Bahamas. Though there are no official house price figures, house prices are estimated by local agents to have dropped by 30% to 40% from 2007 to 2010, and according to agents, they haven't recovered yet.

Yet improved tourism and a better economic outlook, as well as stabilizing prices, suggest that a market recovery will not long be delayed. Sales volumes are picking up, according to Savills' Caribbean.

The Bahamas Real Estate Association (BREA) recently introduced a new

Bahamas Multiple Listing System (BMLS), which suggests a mixed picture:

- Home and condo sales totals in Grand Bahama and the Family Islands were up by 59% q-o-q, from US\$ 7 million to just below US\$ 12 million. As the number of units sold was down 40% from 15 to 9 units, clearly, there was demand for higher-priced houses.
- In Q3 2012 the total value of home and condo sales in New Providence fell by 45% q-o-q, from around US\$ 24 million to less than US\$ 15 million, according to the BMLS. Units sold fell from 24 to 20 units.

Lots near the beach can be bought from US\$1.3 million to US\$1.5 million.

India

A quick way to see whether a country's economy is improving is to simply look at its real estate prices. If real estate sales fall, then real estate prices eventually fall in tandem. This then reduces the value of all homeowners, whether they are looking to actively sell or not. The result is that there is a reduction in home loans granted to those same homeowners. Finally, this reduces consumer spending which results in reduced GDP.

So all in all, real estate prices or sales are a great indicator of a country's economy.

With the Sensex hitting new highs and RBI Governor Raghuram Rajan promising all sorts of ground-breaking changes to propel the economy, you would expect real estate prices to be surging upward. And yet, this is not what is happening.

The RBI has been consistently raising the repo rate, which is the rate that banks are charged to borrow from the RBI- in recent months. These past few days, major banks such as State Bank of India and HDFC Bank raised the rates to obtain loans to purchase houses, and the trend is unlikely to stop as the RBI is expected to continue raising rates to fight inflation.

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