REIANEWS

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REIA CELEBRATING 1924 90 2014 YEARS

News Corp Australia

REIA NATIONAL AWARDS FOR EXCELLENCE 2014

ALSO IN THIS ISSUE

Mr Peter Bushby
REIA President

PRESIDENT'S REPORT

WELCOME FROM REIA'S PRESIDENT

What a proud Tasmanian I felt at the News Corp Australia REIA National Awards for Excellence 2014 on 20 March at MONA in Hobart.

It was the first time the event was held in my home state and I'd like to thank Naming Rights sponsor, News Corp Australia, Gold Plus sponsor realestateVIEW.com.au, Gold sponsors Terri Scheer and Direct Connect, Silver sponsor Rockend and Bronze sponsors REI Super and Deposit Power.

It is with great pleasure that I announce that from next year we will welcome back finalists from New South Wales to this wonderful event. To see all the photos from the night, go to www.reia.com.au

The budget is under a month away and REIA has been busy meeting with Government regarding issues important to you, our members. REIA hosted a roundtable discussion on housing affordability featuring Minister Kevin Andrews, Adelaide Bank General Manager Damian Percy and industry leaders from real estate, construction, finance and community stakeholders.

Attendees addressed specific areas including supply/demand imbalance, demographic influences, first home buyers, local government regulation, taxation policy and development of innovative products.

One of the factors highlighted at the roundtable as a major driver of increasing house prices and declining affordability is the undersupply of housing. This was identified as a priority policy issue. There is more on the roundtable within this issue of REIA News.

REIA will highlight Treasurer Joe Hockey's first Budget and how it will affect you, in next month's edition.

Until then, have a safe and happy Easter break.

Mr Peter Bushby
REIA PRESIDENT

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News Corp Australia

REIA NATIONAL AWARDS FOR EXCELLENCE 2014

REIA celebrated its 90th birthday in style with the real estate profession's night of nights at the Museum of Old & New Art (MONA) in Hobart on Thursday 20 March.

The News Corp Australia REIA National Awards for Excellence 2014 honoured Australia's most outstanding performers in the real estate profession.

Winners of the 9th annual Awards for Excellence are:

- Independent Property Group (ACT) - Large Residential Agency of the Year
- Toop&Toop Hyde Park (SA) - Medium Residential Agency of the Year
- Release Property Management (VIC) - Small Residential Agency of the Year
- CBRE (VIC) - Commercial Agency of the Year
- Gary Peer & Associates (VIC) - Innovation Award
- Independent Property Group (ACT) - Communications Award
- Nelson Alexander (VIC) - Community Service Award
- Wayne Harriden (ACT) - Residential Salesperson of the Year
- Mark Terracini (ACT) - Commercial Salesperson of the Year
- Hannah Gill (ACT) - Residential Property Manager of the Year
- Claudine Church (TAS) - Commercial Property Manager of the Year
- Iain Horne (QLD) - Business Broker of the Year
- Simon Pressley (QLD) - Buyer's Agent of the Year
- Greg Tate (QLD) - Corporate Support Person of the Year
- Vickie Arlott (ACT) - Achievement Award
- Robin Matters (SA) - President's Award

REIA CELEBRATING 1924 2014 90 YEARS

The **NATIONAL AWARDS FOR EXCELLENCE 2015** *will be held in Perth on 12 March 2015. Stay tuned for details.*

News Corp Australia's Executive Group Director Commercial and Operations, Jerry Harris

His Excellency the Honorable Peter Underwood, Governor of Tasmania

The triumphant team from Independent Property Group in the ACT, which took out several awards

News Corp Australia

REIA
NATIONAL
AWARDS FOR
EXCELLENCE
2014

Dame Rosanne Meo, Chair REINZ with
Maureen and Neville Pozzi, REIWA CEO

Pre-dinner drinks and canapés
in The Void at MONA

REIA
CELEBRATING
1924
2014
YEARS

REIA President Peter Bushby and President's Award winner Robin Matters

Three years in a row for Simon Pressley as Buyer's Agent of the Year, with Keith Levy, National Manager of Deposit Power

The 2014 winners

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

REIA THROWS SPOTLIGHT ON HOUSING AFFORDABILITY

Minister for Human Services, Kevin Andrews

"And in recent years a national housing problem has emerged in Australia. In fact, put simply, as a nation we do not build enough private dwellings for our growing population.

Since the mid-1980's, we have produced on average around 150,000 new private dwellings annually, decade after decade.

Over the same period, our nation's population has grown by 44%; that is, more than 7.1 million people."

The Real Estate Institute of Australia (REIA) hosted a roundtable discussion on 26 March at Parliament House on the important issue of housing affordability, in particular falling numbers of first home buyers.

With first home buyers finding it increasingly difficult to enter the housing market, home ownership in Australia is declining after four decades of stable levels. In November, the proportion of first home buyers in the total number of owner-occupied housing finance commitments collapsed to the lowest point since records have been kept of 12.3%.

REIA President Peter Bushby said this indicates the urgent need for policy makers to address the issue.

The Minister for Social Services, Kevin Andrews, said that in recent years "a national housing problem has emerged in Australia. In fact, put simply, as a nation we do not build enough private dwellings for our growing population."

The Federal Government was encouraging state, territory and local governments to streamline planning and development processes, review the taxes and charges levied on home construction and purchases, and increase the release of land for new homes.

Minister Andrews said that he was committed to working with his state and territory counterparts to drive reform. He said the National Housing Agreement should be reformed to incentivise performance. "It should set benchmarks and performance measures and it should drive competition."

He said the government remains "steadfastly committed to consulting with the whole housing sector, to gather ideas and suggestions for future housing and homelessness reforms."

REIA President Peter Bushby provided a market overview from REIA's latest *Adelaide Bank Housing Affordability Report* and *Bendigo Bank Real Estate Market Facts*.

Other participants were from Master Builders Australia, Equal Rights Alliance, Australian Local Government Association, Housing Industry Association, RFI Intelligence, Mortgage and Finance Association, and Adelaide Bank. The event was sponsored by Genworth.

Aon announce new partnership with the Real Estate Institute of the Australian Capital Territory (REIACT)

We are pleased to announce our partnership with the Real Estate Institute of the Australian Capital Territory (REIACT).

As the approved insurance broker for the REIA, REIQ and REIWA we're excited to bring our experience and expertise to the REIACT and look forward to expanding our involvement in the Real Estate sector further.

A key factor in reaching an agreement with the REIACT was our dedicated Real Estate team who combine industry knowledge and expertise to take the hassle out of insurance for our clients, making sure you get a competitive deal for all your insurance needs. With over 30 years' experience in the Real Estate sector, providing protection to over 5000 Real Estate agents, we are committed to understanding the needs of your business.

You can also talk to our experts face to face at the upcoming REIACT Home Buyers Expo on May 15.

One thing you may want to chat to our experts about is becoming a distributor of our landlord insurance, with excellent commission rates available and a comprehensive product; it is a mutually beneficial offer.

Interested in finding out more:

- Aon's Real Estate updates on Facebook
- Aon's new advocate Sam Small

Contact us today

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AFFORDABLE
HOUSING

This article is brought to you by
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Availability of affordable housing is a goal that is shared by the Government and all sectors of the community. It is certainly one of the priorities for REIA, impacting on the functioning of the economy as well as the wellbeing of individuals and the cohesiveness of communities and society.

REIA thus welcomed the opportunity to make a submission to the Senate Economics Reference Committee Inquiry into Affordable Housing. The submission is available here.

Housing is a complex issue with a number of economic, social and infrastructure factors determining affordability. The substantive causes of the housing affordability problem have been identified to include: prices; the deposit gap for first home buyers; demographic change; insufficient supply of dwellings for both purchase and rental which in itself is attributable to a myriad of factors including taxation; council requirements; protracted and expensive development application processes and, importantly; lack of urban infrastructure.

Over the five years to 2011, home ownership declined by 1.1 percentage points to 67.0% of occupied private dwellings. The drop was evident across all states and territories and was most pronounced in the 35 to 54 age group. In the decade to 2011, home ownership dropped by 4.5 percentage points for the 35 to 44 age group and by 5.5 percentage points for the 45 to 54 age group. The National Housing Supply Council, in its 2012-13 report, showed that it seemed certain that the rate of home ownership would drop further.

According to the third National Housing Supply Council State of Supply report, the gap between the supply and demand for housing will increase over the next years putting further pressure on housing prices.

Housing affordability is an acute issue for first home buyers. One of the most important housing policy instruments in assisting first home buyers has been the First Home Owner Grant (FHOG), which was introduced in July 2000. The states and territories agreed to provide financial assistance to Australians who are buying their first home through the establishment of the FHOG. It was agreed that assistance to first home buyers would be “uniform” and that “an eligible home would be new or established”.

By the end of 2013, New South Wales, Victoria, Queensland, South Australia, Western Australia, Tasmania and the Australian Capital Territory announced changes to the assistance in their jurisdictions with the majority stating that they would only provide assistance to those first home buyers purchasing new homes.

First home buyers, however, have a preference for established dwellings. The ABS in its *Housing Occupancy and Costs* publication repots that only 18.6% of Australian first home buyers with a mortgage were buying new homes with 81.4% purchasing established dwellings. First home buyers in New South Wales, Queensland, South Australia, Tasmania, the Northern Territory and the Australian Capital Teriirtory were above the national average in their preference for established homes. Victoria, Queensland and Western Australia provide stamp duty concessions for first home

» *article continues*

buyers of established homes up to a certain value – $600k, $550k and $500k respectively.

South Australia, Western Australia and Tasmania are the only states which currently provide grants for first home buyers purchasing established housing. It is in these three states we see that as housing affordability has improved largely by interest rate cuts that the proportion of first home buyers of the total of finance commitments increased. In other states despite the cut in interest rates, the lack of assistance to those first home buyers wishing to purchase established housing has seen their numbers decline.

REIA believes that more should be done to assist first home buyers save for a deposit. Allowing access to a proportion of superannuation funds would help prospective buyers to save for a deposit faster. That proportion could be either a fixed percentage of the total or their voluntary payments over and above the super guarantee contribution. Using retirement savings towards buying a home has already proven to be successful in Canada, New Zealand and Singapore.

The United Kingdom can also provide lessons for Australia where recent changes to assistance for first home buyers have been directed to those purchasing established housing, extending assistance beyond the new build buyer. Buyers need a minimum 5% deposit, they have to borrow from a participating lender, it must be the buyer's only property and the government guarantees repayment of the mortgage to the lender.

Taxes are one of the important factors determining housing supply and influencing housing affordability.

Stamp duties represent additional costs to property transactions, thereby discouraging turnover of housing and distorting choices between renting and buying, and between moving house and renovating. Individuals who move more frequently would pay more taxes than those who move less. Others who would have to buy or sell if they changed jobs could be deterred by these costs, thus reducing labour mobility.

Negative gearing in its current form for the purpose of property investment is complementary to the goals of the Government in addressing the supply of rental accommodation. Changes to negative gearing would impact on the supply of housing and the level of rents in already tight rental markets as was seen in 1985 when the Hawke Government abolished negative gearing for property only to have it reinstated in 1987. During that period rents increased by 57.5% in Sydney, by 38.2% in Perth and by 32.0% in Brisbane.

Acknowledging that affordable housing is a complex issue impacted by many factors across all tiers of government, REIA recommended that the Federal Government take a leadership role and work with the other spheres of government – state, territory and local – to develop a coordinated and strategic approach to the provision of housing. This would ensure that complementary policies, covering amongst other things first home buyers, taxation and supply, are in in place to achieve this.

POPULATION AGEING AND THE IMPACTS ON REAL ESTATE

On Monday 7 April, REIA CEO Amanda Lynch delivered a presentation on 'The Ageing Workforce' to the Construction and Property Services Industry Skills Council's (CPSISC) Industry Leaders Forum in Melbourne.

Ms Lynch spoke about the importance of meeting the challenges posed by population ageing which is already forcing a major economic and social transformation in Australia.

She said that since the Intergenerational report in 2002 under the Howard Government, it has become a "hot button" issue with significant implications – including fears of growing hostility towards Baby Boomers as digital-savvy Generations X, Y and Zs' precious taxes are increasingly being spent on health, retirement and generous super breaks.

"We will see the implications of this when the Audit Commission report is released, we hope shortly. Governments over the years have responded with increases in skilled migration levels, the GST and welfare reform, as the dependency ratio is expected to increase with the retirement of the population 'bubble' born in 1946-64."

Ms Lynch said that according to the Australian Research Council Centre for Excellence in Population Ageing Research, over the next 10 to 20 years Australia is expected to experience severe workforce shortages with the rate of population ageing in this century projected to be greater than any other period in our history.

REIA CEO Amanda Lynch speaking at the CPSIC Industry Leaders Forum

The ageing of the population, as well as the longer life expectancy of women over men and the delay of marriage, underpin the projected growth in one person households in Australia by around 40% or 1 million to approximately 3.4 million households in 2025-26 – the fastest projected increase of all household types. The former National Housing Supply Council estimated in 2011 there was a cumulative shortfall of 284,000 dwellings in Australia.

Ms Lynch did some crystal-ball gazing into what is in store for future generations with regard to the Great Australian Dream. From the APIA Report, *The Future of Over*

» *article continues*

50s: Home, "The home of the future is believed to be much smarter and completely wired to adapt to our needs with smart-glass turning windows into TV screens, moving walls and sensors built in. Homes are set to be smaller and for the most part single level buildings will share common facilities with neighbours, utilising design concepts that help people stay in their homes longer.

"At the same time, prefabricated homes – which are manufactured off-site in advance, usually in standard sections that can be easily shipped and assembled – are expected to claim a greater share of the residential property market in Australia. In Europe, prefabricated homes are particularly widespread due to their energy efficiency, and for being less time and cost consuming to build.

"These factors inevitably will shape the real estate services industry of the future and impact on the profession," she said.

The most recent data shows that between 2006 and 2011, 5,200 real estate agents were added to the occupation's workforce. The 2011 Census found 64,700 self-identified real estate agents in Australia with the average age of an agent being 44.3 years. Consistent with the national trend, the figure is higher than the average age of 43.8 years recorded in 2006. Interestingly, the oldest real estate agent in 2006 was 92 years old while in 2011 there were three real estate agents aged 94.

Focusing on forward projections of the needs of the real estate and property sector, the *Future Forecasts: Construction and Property Services Skills 2016-26* report commissioned by CPSISC, projected that property services employment will grow at 0.82% each year on average through to 2015-16 and at 0.65% between 2016-17 and 2025-26. For real estate agents, the demand across Australia is forecast to be about 7,000 more in 2025-26 compared to 2011-12.

Not surprisingly, the largest growth in employment is expected for New South Wales, Victoria and Queensland where the demand is. In other countries, significant changes in population demographics due to ageing have placed downward pressure on housing prices.

"For 2014, REIA's mission is to enhance real estate practice in Australia by promoting professional standards and services and as a part of this process we are engaging with the Australian Skills Quality Authority to discuss the variable quality of training, which harms the credibility of the real estate profession and map out a rigorous qualifications framework. It hardly seems fair that agents who devoted a year of part-time study to complete their 26 units of a diploma in Tasmania, the Northern Territory, South Australia and Western Australia are finding others out there selling houses having completed a 3-day internet course! A large part of real estate study involves marketing and business plans which must not be done in haste.

"There are a number of challenges the real estate profession will have to face in the future. And to succeed we are committed to having a skilled, well-informed, competitive workforce and creating a climate that encourages this by working with governments, regulators, and organisations such as Skills Councils to prepare for future changes," Ms Lynch concluded.

SKILL SHORTAGES
AN INSIDE OUT VIEW

Grant Daly, CPSISC

Economic indicators suggest that the economy is slowly making a recovery from what has been a six-year downturn following the Global Financial Crisis towards the end of the last decade. This in turn suggests that there will be a need for labour, skilled and unskilled, to meet the demands of industry gathering pace to deliver its services to Australian consumers.

It is within this labour need that skill shortages will again emerge and mitigate the ability of service providers to consistently and reliably meet consumer requirements. Property services businesses may choose to look at how to influence federal government thinking about national skill shortage priorities as they do exist in property service contexts, particularly in peak demand times, albeit it seems apparent only to the businesses that operate in this industry space.

An example of this is real estate where a high churn features in the population of real estate agents. To a certain extent this is a function of the volatile property market but at another level it is a prevalent feature of the sector where continuous recruitment and training is able to meet immediate needs but strategically does not provide any real measure of security for the sector's future.

Widespread real estate workforce recruitment practices tend to sit outside of federal government's critical skill shortage frames of reference. Much like the construction industry, many real estate operatives work on a sub-contractual basis, and thus only a small percentage of the agent workforce is actually 'employed'. This status has historically been the basis of skill shortage determinations.

The actual skill shortage issue not addressed by recruitment activity is often in the form of replacing experienced operatives who leave the sector taking with them significant corporate and industry knowledge. To a certain extent, this may be a function of the ageing population and the uncertainty of the buyer market but it is nonetheless an entrenched issue for the real estate sector. That having been said the problem is attenuated by the sector's remarkable resilience – its ability to consistently engage new operatives and meet the sector's exigent service needs and in so doing it masks the bigger problem – how to secure corporate and industry knowledge on an ongoing basis.

The issue with a high churn in terms of real estate operative numbers is that unless the reasons for this can be clearly identified, sub-contractors will continue to leave their roles, forecasts of a market upturn notwithstanding. Arguably a 'skill deficiency' occurs as a product of skill shortages when a cohort of departing operatives takes with it not only the requisite skill set but also attendant corporate and industry knowledge. It takes years of training, mostly in the role, for this corporate knowledge to evolve, and 'a New York minute' for it to be lost. As also experienced in the construction industry, this is most damaging for a business when the competition engages one or more of their former quality operators. There is an old maxim told by a very successful Landscaper in the ACT who argued that it is better to train a new recruit and risk losing them to the competition than it is not to encourage and provide training and have them stay. Training is a mitigating risk that a business must take to enhance their service provision over and above their current human resource capability. Corporate human resource cultures may change over time because people come and go. A good reputation is to be cherished and upheld; experience provides the continuity to sustain the implicit values that support this.

There are two other significant complicating factors that exacerbate this situation. The first of these is that neither time nor technology stands still

» *article continues*

and therefore the landing platform for new recruits is likely to look different for each new cohort of recruits. Add to this the changing face of regulation and legislation and you have a situation that requires overarching strategic planning at a national level to resolve for the industry as a whole.

The second complicating factor is that skill shortages are also experienced within the employment structure that underpins the real estate operatives' roles and functions. These are highly specialised derivations of more universal roles such as human resources, para-legal and accounting workers. These applied generic practitioner roles can be recruited by engaging applicants with mainstream qualifications, but it is the experienced set of capabilities that are hardest to replace. Experience is essentially the difference between a transaction and a service; the latter is axiomatic to the real estate way of doing business and based on relationships, return custom and reputation.

Grant Daly

DIRECTOR POLICY & RESEARCH

CONSTRUCTION AND PROPERTY SERVICES INDUSTRY SKILLS COUNCIL (CPSISC)

CPSISC
Construction & Property Services Industry Skills Council

CPSISC E-LEARNING PORTAL AND E-SCAN

E-LEARNING

The CPSISC E-learning portal is a "one-stop-shop" of information and expertise.

The portal collates best practice and examples for the CPSISC's stakeholders and contains:

- links to key websites and the latest information to ensure businesses' practices comply with quality standards
- links, guidance and tools to help businesses to implement quality e-learning within their training and assessment processes.

And allows:

- access to a repository of learning objects that can be used to complement delivery and assessment strategies in construction and property services
- access to web applications designed to support training and assessment in construction and property services.

Link to the e-learning web portal:
http://www.cpsisc-elearning.com.au/

E-SCAN

The Environmental Scan (E-Scan) identifies the macro and micro factors currently impacting on the skill needs of the workforce and its composition, it considers how well the national training system, its products and services, and industry itself are responding.

It captures intelligence gathered from on-going visits and conversations with industry, key stakeholders, regulators and critically, the people doing the jobs across the sectors, and who experience first-hand the impact of change. It also draws on a range of topical sources such as the latest industry, enterprise and government research, and international developments.

The E-Scan can be downloaded here. http://www.cpsisc.com.au/about/corp_plan/CPSISCEScan2014-15

REIA
REAL ESTATE INSTITUTE
OF AUSTRALIA

REIA ACCREDITATION

REIA administers a national accreditation system to recognise and promote the professional standing and dedication of real estate practitioners.

REIA presents certificates of Associate (AREI) and Fellow (FREI) of the Real Estate Institute of Australia to approved applicants to recognise achievement of members' tertiary qualifications, and their continuous involvement with Real Estate Institutes at state and territory level.

AREIs and FREIs are an enduring acclamation of talent and dedicated service to the industry. Recipients are awarded the right to use the initials AREI or FREI after their name provided they remain members of a state or territory Real Estate Institute, or have specifically applied to retain the post nominals.

Industry recognition to the real estate practitioner provides weight to the commitment shown by the established professional. In over 30 years since their inception, REIA has presented only about 3500 AREIs and 3000 FREIs, maintaining the exclusive and prized nature of the accreditation.

To obtain an AREI or FREI applicants must be current members of their state or territory Real Estate Institute (for the past 5 or 7 years respectively), satisfy a number of by-laws listed in the application forms, show relevant documents to support their application, and satisfy licensing requirements in their state or territory.

Following approval of an application, submitted initially to a state or territory Real Estate Institute and receiving final approval from the REIA Board, a formal certificate is presented to the member by their state or territory Institute, under the REIA company seal and appropriate personal registered number. Certificates can be displayed in the office of business of the recipient.

Click button at left for more information.

Dame Rosanne Meo, Chair of REINZ accepting a certificate in recognition of her services as a valued international partner of REIA, from REIA President Peter Bushby

This article is brought to you by REIA Research Officer, Evgeniya Hawthorne
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FIRST HOME SAVER ACCOUNT:

LOW UPTAKE OF GENEROUS SCHEME TO ASSIST IN SAVING FOR A DEPOSIT

The Real Estate Institute of Australia (REIA) is concerned about declining rates of home ownership in Australia and in its Pre-Budget Submission calls on all Australian governments to address the issue of falling housing affordability by providing much needed support to first home buyers.

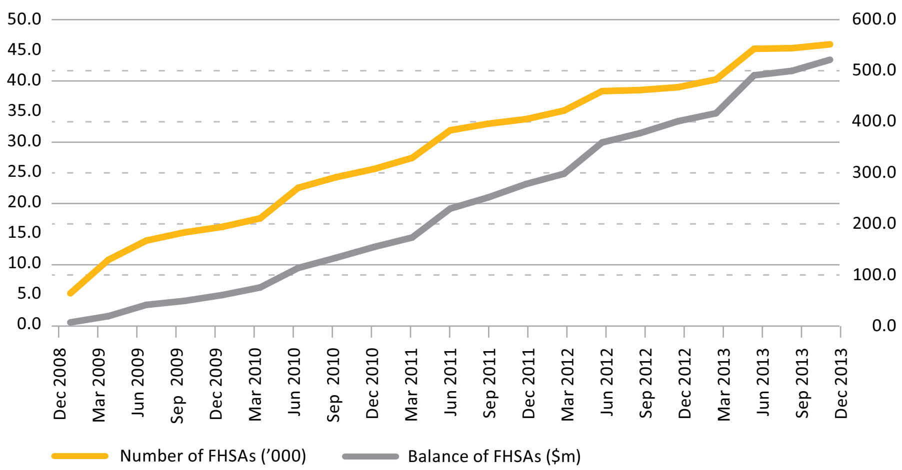
Government incentives provide significant assistance to those who struggle to enter the property market by making it easier for first home buyers to save for a deposit. However, incentives across Australia are inconsistent and changeable.

Among government initiatives designed to help first home buyers save for deposit is the First Home Saver Account (FHSA) established by the Rudd Government. From October 2008, Australian first home buyers aged 18 years and over could enjoy generous government contribution of 17% up to the certain threshold and flat tax rate on interest. Currently, the Government would add $1,020 if a deposit of $6,000 is made to the account. The table below shows FHSA rates and thresholds between 2008 and 2014.

Income Year	Account balance cap	Contribution threshold	Maximum government contribution
2013-14	$90,000	$6,000	$1,020
2012-13	$90,000	$6,000	$1,020
2011-12	$85,000	$5,500	$935
2010-11	$80,000	$5,500	$935
2009-10	$75,000	$5,000	$850
2008-09	$75,000	$5,000	$850

» *article continues*

FIGURE 1 *Number and balance of FHSA, quarter end*



With the phenomenal returns offered by the initiative, it is incongruent that the FHSA has not seen huge uptake with only 46,000 accounts being opened by the end of last year with the total balance of $521.5 million.

Despite the fact that by December 2013 there were around 46,000 first home saver accounts and that this figure was well over half of the total number of first home buyers in Australia last year, restrictive requirements denying them access to their money for a minimum of four years do little to encourage new participants to open these accounts.

The Australian Prudential Regulation Authority shows that in 2013, the total number of first home saver accounts increased by 7,000, about 8.5% of the 82,599 first home buyers for last year.

REIA would like to see the initiative upheld and improved by making first home saver accounts more flexible. Particularly, REIA believes that capping the accounts could be based on movements in house prices rather than the CPI. REIA also would like first home buyers to have access to their voluntary superannuation contribution for the purchase of a home with the scheme to be an adjunct to the FHSA.

REIA believes that assistance to first home buyers should be ongoing and consistent. We have seen a diminishing of first home buyers from the market following changes to the FHOG and stamp duty concessions for purchase of established homes. REIA strongly believes that the FHSA initiative could be improved and provide much needed assistance to a generation who, if we are not careful, will be locked out of home ownership.

INDUSTRY ARTICLE

NEW LEGISLATION AFFECTING REAL ESTATE BUSINESSES

New rules that came into effect from 1 January 2014 require employers to make super contributions to a fund that offers a MySuper product for employees who do not select a preferred fund. This article discusses what this means in real terms for real estate agencies.

All employers must have a nominated default fund that they pay compulsory contributions into, should an employee not choose their own fund.

Prior to the MySuper laws, an employer must have had regard to the Modern Real Estate or Clerks Award (2010 Cth), if applicable, which listed acceptable default funds.

Now, *all employers* must ensure their default fund is MySuper authorised.

It is also illegal for an employer to accept benefits in the form of such things as personal financial planning, incentives or other inducements from an adviser or super fund provider for nominating a particular default fund.

The MySuper product must be low fee, offer life insurance for all members, be free from commissions to financial advisers and the benefits must be transferable between employers if a member changes jobs.

Employers using REI Super as their default fund do not need to change their super administration process as REI Super is MySuper authorised.

Employers not using REI upper should ensure they nominate a MySuper fund as their default fund and set up accounts to make contributions for staff who have not nominated an alternative super fund for contributions from 1 January 2014 onwards.

Employers who have not checked that their default fund is MySuper authorised and that it is listed under the relevant Awards, if applicable, should do so before making their January-March 2014 quarterly SG contribution payments to avoid breaching their super obligations.

Given that the ATO and Fair Work Australia are auditing real estate businesses for compulsory super and award compliance respectively throughout this financial year it is vital that real estate employers are aware of their obligations and apply these new rules to their businesses.

Further information:
www.reisuper.com.au
www.ato.gov.au

Employers can contact
Rebekah Wilson at REI Super
marketing@reisuper.com.au

IT'S HOW WE CONNECT

INDUSTRY ARTICLE

GETTING REAL ABOUT DIGITAL DISRUPTION

As the real estate industry sets its sights high for the new financial year – strong business confidence paired with rapidly increasing digital disruption is creating the perfect storm for tech savvy businesses to thrive.

The past 12 months have seen many industries continuing to be turned upside down, as the internet and multimedia technologies advance at a rapid pace. These changes have pushed businesses to take a close look at how they operate and what they must do to remain relevant to customers.

Some industries have been affected more than others, but all industries, including real estate, are currently facing both the challenges and opportunities that the new digital world brings – whether that means embracing social media for marketing, an online retail function or the digitisation of business data in the cloud to improve efficiency and reduce administration.

SPOTLIGHT ON: CALIBRE REAL ESTATE, BRISBANE

One business that is truly embracing a digital future is Calibre Real Estate, which provides sales and property management services to customers throughout Brisbane, Ipswich and the surrounding areas.

Four years of steady growth gave Brisbane-based Calibre Real Estate a promising outlook – adding 28 employees and two branch offices. However, continued growth and future profitability also meant the need for better IT and Calibre needed a cost-effective way to drive productivity for its growing, largely mobile team of staff.

Calibre employees depend heavily on IT, both onsite and in the field. So when business was growing, slow emails and frequent outages due to aging servers became a serious pain point. Calibre Principal Alice Hagen knew she needed to upgrade the company's infrastructure but was unsure how to do so affordably, both in terms of implementation and maintenance.

Hagen engaged Telstra to provide Office 365, an integrated, cloud-based suite of Microsoft Office applications based on familiar Microsoft technology – to bring increased reliability, cost savings, and a scalable platform for growth. The solution included Microsoft Exchange Server for email, Microsoft Lync for instant messaging and web conferencing, and Microsoft SharePoint for secure file access.

"The changeover went extremely smoothly," said Hagen. A three-step download process took just one day per location, with zero downtime, and the familiar Microsoft interface made it possible for staff to hit the ground running, so little time was lost.

For realtors, getting from here to there quickly, and accessing email and files at the same speed while out of the office, are key to moving sales along. Telstra's Office 365 solution is supporting these needs cost-effectively, even as the business grows.

Realtors are tied to their mobile devices for communications and transactions, and IT needs to function seamlessly, so email is particularly critical. With Office 365, Calibre gets 24/7 reliability with cloud-hosted email and file-sharing, using almost any Internet-connected device. Whether workers are at the head office, a branch office, or in the field, they can collaborate, hold meetings and send large files without delay.

If business continues to expand for Calibre, Office 365 is ready to grow along with the company, as the infrastructure can be extended to a new office location in as little as one day, with no additional overhead.

The opportunities presented by an increasingly digital world, have the potential to support better client service, higher productivity, or even open up new markets – but does your agency have the technology infrastructure in place to handle growth? Or will your competitors reap all the rewards from this perfect storm?

Visit www.telstra.com/smallbusiness for more information about Telstra's solutions.

Chris McGregor

FIABCI AUSTRALIA REPORT

REIT member Phillip Banks, FIABCI Vice President Marni Ralph and FIABCI member John McGregor at the News Corp Australia REIA National Awards for Excellence in Hobart

I have just returned from Vietnam and the past First National Real Estate Chairman, Frank Tierney once said to me, "Once you go to Vietnam, you won't go anywhere else." I can see why – such friendly people and still not too commercialised. One of the reasons I love being a member of FIABCI is that you are always meeting people and getting to know other cultures.

Last month, we were fortunate to host the prestigious News Corp Australia REIA National Awards for Excellence in my home state of Tasmania at the award-winning and internationally renowned Museum of Old and New Art (MONA) situated on the Derwent River in Berriedale. Around 400 guests from all over Australia attended to help REIA celebrate its 90th birthday. What a perfect place to hold this event.

Our World President Flavio Gonzaga Nunes from Brazil sent a letter to Peter Bushby on behalf of FIABCI to congratulate REIA on 90 years of service to the real estate industry.

Our very own soon to be elected World President, Robyn Waters also attended the Awards at MONA and was extremely impressed with the night's proceedings and professionalism.

It is very encouraging that there is a lot of support for the upcoming World Congress in Luxembourg from all REI's. There are quite a few CEOs, Presidents and their colleagues attending this event, including REIA President Peter Bushby. The Australian Chapter Vice Presidents will also be in attendance along with three past Presidents, Kevin Sheehan, Robyn Waters, Phillip Webb and Past World President John Greig.

Chris McGregor

PRESIDENT • FIABCI
AUSTRALIAN CHAPTER

INDUSTRY UPDATE

Industry news from around Australia

Housing taxes

Following statements by the Treasury Secretary and the Governor of the Reserve Bank of Australia, the HIA says the debate over state based taxes must consider the role of broad based indirect taxation (such as GST) in helping to remove inefficient and inequitable taxes on new housing.

HIA Chief Executive Industry Policy and Media, Graham Wolfe, highlighted the imperative for the Commonwealth Government's review of Australia's taxation system to target taxes levied on new homes, and in particular to remove a number of inefficient taxes, including stamp duty.

"On virtually any basis of measurement, and in both absolute and relative terms, the taxation burden borne by Australia's residential building industry is excessive," said Mr Wolfe. "These taxes are inevitably passed on to new home buyers, and in many cases, the taxes themselves are taxed."

"Australia needs a solid level of new affordable housing stock to house our growing population," Mr Wolfe urged. "But the taxes levied against new homes make the affordability challenge a bridge too far for too many families."

ACT farewells stamp duty

ACT Minister Andrew Barr MLA says the housing affordability summit, hosted by REIA has reaffirmed that stamp duty is a significant barrier to people buying and selling a home.

The ACT Government acknowledges this, and in 2012 began a tax reform program that included the phased abolition of stamp duty. The ACT is the only jurisdiction in Australia to have begun getting rid of stamp duty, which was recommended in the Henry tax review.

Mr Barr said this reform is already saving home buyers thousands of dollars. The buyer of a $500,000 home is today saving about $3,400 in stamp duty compared to before the start of tax reform.

The ACT Government has also:

- Reduced land tax on properties with average unimproved land values between $75,000 and $390,000
- Introduced variable thresholds for affordable housing based on dwelling size
- Increasing the property and income thresholds for the Home Buyer Concession Scheme.

Skilled workforce

Australian governments have made a new commitment to ensure industry has the skilled workforce and operating environment it needs to boost the nation's productivity and increase international competitiveness.

Australian Industry Minister, Ian Macfarlane chaired the inaugural meeting of the COAG (Council of Australian Governments) Industry and Skills Council in Brisbane, attended by State and Territory Ministers.

The Council was created after a streamlining of the COAG structure announced in December last year, putting greater emphasis on national priorities and delivering practical outcomes.

"For the first time we had Ministers responsible for industry and skills at the one table to discuss how the training sector can better support workforce needs across state and territory borders," Minister Macfarlane said.

The Council agreed on objectives to reform the vocational education and training sector which it says has become over regulated and complicated, and has in turn discouraged businesses from undertaking new training programs.

The Ministers also discussed a range of industry priorities, including:

- Growth sectors of the future
- De-regulation agenda
- Energy costs
- Workplace productivity

Melbourne trainspotting

Melbourne's southeast region could be the next great place to consider purchasing investment property, after Victorian Premier Denis Napthine announced a $2.5 billion rail project in the area.

This aims to provide a 21st century transportation system into the Victorian capital city and highlights the area's increasing need for these services.

Mr Napthine said the project will help transform the Pakenham and Cranbourne lines, with the goal of delivering a 30% boost in capacity for one of the city's busiest rail sections.

"With more trains running more often, that's an extra 4,500 people in the peak hour who can get where they need to go as quickly as possible. This initiative will cater for an additional two million passengers per year to meet growing demand."

The project aims to deliver 25 new trains into circulation, as well as new signalling technology – one of the first uses in Australia – to allow more trains to run faster and more frequently. Furthermore, new train maintenance depots and rebuilt stations across the area are also a part of the development investment.

Victorian Deputy Executive Director Asher Judah said the multi-billion dollar investment would be a valuable asset for the people in the state, with the development helping to catapult the region into a faster, more streamlined public transport future.

MAKING NEWS

General national news

City living

Capital cities packed in more than three times as many new residents as the rest of Australia in the year to June 2013, according to population estimates released by the Australian Bureau of Statistics (ABS).

"In 2013, two in three (66%) Australians lived in a capital city, a slight increase since 1973 when 65% lived in a capital. By 2053, this share is projected to increase to 72%" said ABS Director of Demography, Denise Carlton. "That equates to 28 million people living in the capitals in 2053."

In the last 40 years, 89% of the growth in capitals occurred in the four largest cities (Sydney, Melbourne, Brisbane and Perth), with Perth and Brisbane more than doubling in population. Darwin had the highest growth rate (191%) of all capital cities. In contrast, Hobart grew by 36%.

Sydney and Melbourne each grew by almost 1.7 million people between 1973 and 2013, although the overall growth rate for Melbourne was higher (62% increase compared with 54 %). This reflects Melbourne's comparatively higher growth rates in recent years. If current trends prevail, Melbourne is projected to overtake Sydney to become Australia's largest capital city by 2053.

Foreign Investment

The Foreign Investment Review Board (FIRB) released its annual report for 2012-13. The real estate sector recorded 12,025 approvals, compared with 10,118 approvals in 2011-12. The real estate sector was the largest destination by value, with approvals in 2012-13 of $51.9 billion compared with $59.1 billion in 2011-12. In 2012-13, there were 11,668 approvals in the residential real estate sector with the total proposed investment of $17.2 billion – the figure decreased from $19.7 billion in 2011-12.

Proposed investment in commercial real estate decreased from $39.4 billion in 2011-12 to $34.8 billion in 2012-13. Victoria and NSW were the largest destinations by the number of approvals in the real estate sector, 4,573 and 3,580 approvals respectively. By country of investors, China dominated accounting for $5.9 billion of the proposed investment in Australian real estate. At $4.9 billion Canada came second and the US' proposed investment in the real estate sector was $4.4 billion. Proposed investment from Singapore, the UK and Malaysia were $2.0 billion, $1.7 billion and $1.6 billion respectively.

The report can be found here.

Genworth Streets Ahead report

The mortgage insurer Genworth released the eighth edition of its Streets Ahead report. The report which measures sentiment of Australian homeowners and non-property owners towards the mortgage market found that in March 2014, the Genworth Home Buyer Confidence Index fell by 1.7% to 90.8. Around 28% of homeowners have struggled to meet their mortgage repayments in come months in the past year, and 30$ expect similar struggle over the next 12 months. The proportion of homeowners using over half of their income to service debt has fallen from 28% in September 2013 to 25% in March 2014 largely due to the reduction in discretionary repayments. Almost six out of ten FHBs believe that it's a good time to buy property and seven in ten FHBs thinking the Australian dream of home ownership is realistic.

The report can be found here.

PIN, not sign

Consumers will need PINs, not pens when they're making a credit card purchase from 1 August. Under changes designed to reduce fraud, all major credit card holders will need to remember a four-figure PIN code.

While many people have been making the transition over recent years, it will now be mandatory – signatures will no longer be sufficient.

Visa's country manager for Australia Vipin Kalra said the move is part of an industry-wide upgrade of the payment system to chip and PIN technology.

"Chip has already cut counterfeit fraud losses on Australian cards by 44% in the 12 months ending June 2013 and the move to PIN will help close the door on lost and stolen card fraud."

The change will effect all major card issuers, including Visa, MasterCard, American Express and Diners Club International.

According to the Reserve Bank, Australians made about five billion credit and debit card payments during the 2012/13 financial year, totalling $434 billion.

SMH

Shrinking backyard

The traditional suburban quarter acre block is nothing but a distant memory according to the findings of a new report on land supply released by the Urban Development Institute of Australia.

The 2014 UDIA State of the Land Report has found that the average size of new residential lots is now a mere 1/10th of an acre (423m2), after falling 29% in size over the last decade.

"Governments around the country are failing to take action to address the key barriers holding up the supply of land for residential development, and the collapse in new lot sizes is the result of developers trying to maintain the supply of affordable land to the market," said UDIA National President Cameron Shephard.

"Inadequate investment in urban infrastructure, slow planning and approvals systems, and high taxes and charges are strangling the supply of land for new housing, severely damaging housing affordability.

"Unfortunately this means that for new home buyers, the good old days of tossing the footy around with the kids or having a game of backyard cricket are well and truly over."

Sydney and Brisbane saw the greatest declines in median lot size over 2012/2013, with lot sizes plummeting by 16% and 12% respectively.

POLITICAL WATCH

Information and news from government

Small business taxes

The Government has asked the Board of Taxation to conduct a review to identify features in the tax system that are hindering or preventing small businesses from reaching their commercial goals.

Minister for Small Business Bruce Billson says the Government is fully committed to the Tax White Paper process and that the Board of Taxation review will complement the process with a dedicated focus on the small business sector to drive innovation and jobs growth.

"We want small business owners to spend less time on paperwork and more precious time and resources on growing their business."

"We can start by making their dealings with the Australian Taxation Office simpler, which what this review is about."

The Board of Taxation will draw on its extensive links with small business and the expertise of its Advisory Panel in developing its report to the Government before 31 August 2014.

Superannuation Clearing House

Another piece of red-tape has been cut for small business, with the Australian Taxation Office (ATO) taking over responsibility for the Small Business Superannuation Clearing House.

The super clearing house is a tool for small businesses to cut down the time and paperwork involved in paying contributions to employees' different super funds.

There are now 58,000 employers registered with the clearing house and the other 700,000 businesses that are potentially eligible to use the clearing house are being encouraged to sign up.

The clearing house is contactable 24 hours a day, seven days a week by calling 1300 660 048 or searching the new website www.ato.gov.au/sbsch

The Department of Human Services was previously responsible for the free online clearing house service that helps businesses with 19 or fewer employees pay superannuation contributions to all staff in one transaction.

More information available here.

Small business consultation

The ATO is inviting Australia's small business owners to apply to join its new small business consultation panel to help cut red tape and boost the agency's small business expertise.

The consultation panel will bring together small business operators with at least two years experience running a business. Taxation, consulting or accounting experience is not necessary.

ATO Second Commissioner Neil Olesen said the panel will help the ATO to better understand the way small businesses interact with the organisation and other government agencies.

Business operators joining the panel may be contracted on a short-term, as-needs basis to participate in consultation activities including workshops and user testing to provide feedback from a small business perspective. Successful applicants will be paid for their services.

Contact for more information here.

Recycling NSW assets

Following the Standing Council on Federal Financial Relations meeting in Canberra, NSW Treasurer Mr Baird said the Federal Coalition had agreed to provide a financial incentive to the states to recycle assets.

"The NSW Government first put forward the idea of providing the States and Territories with a financial incentive to build infrastructure back in 2012, when we were asked by the then Federal Treasurer Wayne Swan to develop national tax reform proposals for consideration," said Mr Baird.

"The Federal Treasurer Joe Hockey has now confirmed that a new pool of funds will be set aside to provide payments of 15% of the value of the proposed asset for all transactions agreed within in the next two years," said Mr Baird.

The NSW Government is facing significant funding challenges as it works to address the $30 billion infrastructure backlog across the State.

"Since coming to government, we have looked closely at our balance sheet for opportunities to recycle assets – including Sydney Water's desalination plant, Port Botany, Port Kembla, and the Port of Newcastle and state-owned electricity generators, which are underway."

"Given increasing pressure on our revenues and the growing level of services we are responsible for, it is great that the Commonwealth is now prepared to work cooperatively with the States to bring forward the delivery of vital infrastructure."

Online planning

NSW Planning and Infrastructure Minister Brad Hazzard announced $1 million in grants for councils to bring planning online. "It's all about making the system simpler, smarter and easier to understand," Mr Hazzard said. "Whether you're putting a second storey on the family home or extending the local surf lifesaving club, ePlanning takes the headache out of planning by making it easy to lodge and track development applications with a click of the mouse."

Environmental policy

The release of the Standards for Accreditation of Environmental Approvals under the *Environment Protection and Biodiversity Conservation Act 1999* is an important step in progressing the One-Stop Shop policy reform.

The standards set out the various matters for consideration in accrediting state and territory assessment and approval processes. This is to ensure high standards of environmental protection continue to be maintained.

Each state and territory may achieve the standards through their own regulatory systems and processes, but this must be consistent with the requirements of national environment law.

The One-Stop Shop policy will create a single environmental approval process that satisfies both state and Commonwealth requirements.

THE WORLD

Property news from around the world

London property a princely sum

Prince Charles has warned that predicted house price rises for London are not sustainable and risk driving away young talent. The prince said the hope of home ownership for those starting their careers in the capital was becoming further and further out of reach.

Addressing the Housing London Symposium, the prince said: "The National Housing Federation estimates that in only six years' time the average London house price will have risen 40% to £650,000.

"This isn't sustainable and risks driving away talented young individuals who are starting their careers in London and spending most of their income on rent. Home ownership for this generation is seemingly becoming further and further out of reach."

Houses in London have a typical price tag of £458,000; prices in the capital are nearly 23% higher than the 2008 peak before the financial crisis, according to figures released on Wednesday by the Office for National Statistics. During the 12 months to January, London property values rose 13.2%.

The prince said that for a healthy city to prosper, it needs a "built environment that provides good quality housing, the integration of nature and green spaces at its heart, walkable, mixed-use neighbourhoods, good public transport and an identity that fosters pride and a sense of belonging".

"On the building side, mid-rise buildings allow a greater diversity of developers and builders as the initial outlays required by high-rise buildings make it the business of relatively few.

Investing in the US

International home buyers prefer purchasing properties in the United States over other countries, according to the California Association of Realtors (CAR) 2013 International Clients Survey.

85% of international buyers said they only considered purchasing a home in the US, citing that the stable government and financial system would guarantee their home investment. Fifteen per cent considered investing in other countries, with Canada, Germany, Mexico, China, Singapore, Sweden, and France cited as other countries most considered.

International buyers also chose to purchase in the U.S. for its desirable location and climate (20%), to be closer to family and friends (20%), investment opportunities (9%), changes in work and employment (9%), educational opportunities (6%), and affordable prices (4%).

International buyers purchased a property in the U.S. primarily for investment purposes or tax advantages (18%) or to rent out (14%), contrary to traditional home buyers, who purchased primarily because they were tired of renting (23%).

The International Clients Survey was conducted via email to a random sample of Californian realtors who worked with international home buyers. Access the full report on the survey findings here.

Spain values fall

Home values in Spain are still falling by up to 14.5% a year and look set to continue to decline, according to a report from the Sociedad de Tasación.

Property prices are still falling in Spain by up to 14.5% a year, two new market indexes reveal. But some Spanish overseas property professionals say they are seeing a growing demand and believe market conditions are improving.

Data show prices of new and existing homes in Spain fell 6.3% from January-March in 2014 compared to the same period last year , reaching €1,270 per square metre. This is around half (47.1%) of the peak 2007 values, which reached €2,400 per square metre.

Seville performed best with a rise of 3.4% and Barcelona came next, with values increasing 0.5%.

Everywhere else, prices fell, with the worst results coming in Zaragoza, where prices fell 14.5%, and in Bilbao, which saw a 14.1% fall. There were also year-on-year falls of 7.5% in Valencia and A Coruña, 7.3% in Málaga and 6.2% in Madrid.

Among the factors influencing the domestic market is high unemployment, reductions in family income, limited access to funding and the elimination of tax benefits for home ownership.

Foreign investment in Cuba

Cuba's National Assembly passed a new foreign investment law that aims to bring badly needed capital to the communist economy by offering steep tax cuts and promising a climate of investment security.

The new law halves the profits tax from 30% to 15% and exempts investors from paying it for eight years, though it also appears to withhold many of the tax benefits from companies that are 100% foreign-owned. Those incentives are reserved for joint ventures with the Cuban state and investments linking foreign and Cuban companies.

Analysts and Cuban-based diplomats have expressed skepticism over the law, uncertain whether the one-party state has undergone a genuine change of heart and truly wants to attract foreign investors on international terms.

Areas such as agriculture, infrastructure, sugar, nickel mining, building renovation and real estate development are considered ripe for investment.

Cuba needs to attract $2 billion to $2.5 billion in foreign direct investment per year to reach its economic growth target of 7%.

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