

REIANEWS

ISSUE 34: MAY 2014



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Mr Peter Bushby
REIA President

PRESIDENT'S REPORT



WELCOME FROM REIA'S PRESIDENT

Hello and welcome to the May Federal Budget edition of REIA News. Inside you will find in-depth analysis of the Government's Budget decisions which affect our industry along with hot topics including foreign investment in Australian property.

Our member Real Estate Institutes and their members work hard to maintain the highest standards in the real estate profession and we like nothing more than to celebrate the accomplishments of those who excel in their field.

REIA is thrilled to announce the NSW heats of the Australasian Real Estate Institutes' Auctioneering Championships on Tuesday 24th June 2014 at the Novotel, Olympic Park in Sydney.

Entries are open to all licenced NSW auctioneers and the event is co-hosted by REIA and Estate Agents Co-operative (EAC). The NSW heat will

see two of the state's top auctioneers progress to the Australasian Championships to join contestants from around Australia & New Zealand at the final which is being held in Auckland, New Zealand on the 21st-23rd October 2014. More details can be found [here](#).

This year also sees the inaugural EAC/REIA NSW Awards for Excellence taking place on September 25 at the Wentworth in Sydney.

Entries are open now to NSW members of REIA's Affiliates' Council – EAC, LJ Hooker, Professionals and First National. Winners will feed into the REIA National Awards for Excellence gala to be held at Crown Perth on March 12 2015. Hurry though as time for entry submission is limited. Find out more [here](#).

Good luck to all who enter these prestigious competitions.

Mr Peter Bushby

REIA PRESIDENT



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

BUDGET 2014



In the lead up to this year's Budget there was much media speculation about the content. Most suggested that it would be a "horror Budget," reining in spending to match reduced revenues and imposing several revenue measures. There were few surprises. There was little in the Budget Papers that had not been announced or leaked prior to Budget night. The Treasurer's general message was a call for everyone to contribute to the Budget repair and the housing sector was not immune to this.

The size of the 2013-14 Budget deficit is 2.5 times larger than that anticipated at last year's Budget and a return to surplus is not expected before 2018-19.

Across the four years of the forward estimates there will be a net reduction in the size of the deficit – directly attributable to policy decisions – of \$36 billion. Of that, \$27.7 billion comes by way of spending cuts. Another \$8.3 billion is raised through taxes.

Real GDP growth for 2014-15 is forecast at 2.5% for the coming financial year and unemployment is forecast at 6.25%. The Government's forecast for private investment growth in dwellings is considerable at 7.5%, compared to 3.5% for 2013-14. Medium term projections show surpluses.

	2013-14	2014-15	2015-16
Underlying cash balance (\$b)	-49.9	-29.8	-17.1
% of GDP	-3.1	-1.8	-1.0
GDP growth	2.75	2.5	3.0
Unemployment rate (%)	6.0	6.25	6.25
Consumer Price Index (%)	3.25	2.25	2.5
Private investment, dwellings (%)	3.5	7.5	5.5

Private investment in dwellings is expected to increase by 0.5%, 5% and 5.5% over the three years to 2014-2015, respectively.

GENERAL

The main points contained in the Budget are:

- Infrastructure Growth Package to provide an extra \$11.6 billion for major projects in all states and territories, bringing Government investment to \$50 billion by 2019-20 and resulting in over \$125 billion of additional national infrastructure investment.
- Temporary Budget Repair Levy for those earning over \$180,000. This amounts to an increase of 2% in the marginal tax rate for three years from 2014-15.
- Gradual increase of the age of pension eligibility to 70 between now and 2035.
- The Australian public service will be reduced by 16,500 workers.
- Payment of up to \$10,000 over two years to businesses that employ an Australian over the age of 50 who has been on unemployment benefits or the Disability Support Pension for six months.
- Re-introduction of fuel indexation with direct revenue from the increases going to roads building.
- Unemployment reforms with a return to Work for the Dole and job seekers will have job search obligations until qualifying for income support.
- Tightening of eligibility for Family Tax Benefits.
- From 1 July 2015, previously bulk-billed patients will pay \$7 per visit for any standard GP consultation, out of hospital pathology and imaging.
- A \$484 million Entrepreneurs Infrastructure Program, to improve the capabilities of small to medium enterprises and streamline business access to Government programs.

» *article continues*

BUDGET 2014



- Company tax rate to be cut by 1.5 percentage points from 1 July 2015, affecting up to 800,000 small and medium sized businesses.
- From July 1 2015, the Government will introduce a Paid Parental Leave scheme with an income cap of \$100,000 per annum.
- Introduction of an Industry Skills Fund to streamline training and better position Australian industry. The Fund will commence on 1 January 2015 and will deliver close to 200,000 targeted training places and training support services over four years. The Fund, to cost \$476 million over four years, will be offset by the abolition of 10 training and skills programs including the National Work Force Fund, saving \$1 billion over five years from 2013-14.

HOUSING INITIATIVES

- No changes to negative gearing. There was speculation that there would be changes and REIA lobbied intensely for its maintenance.
- The Government will not proceed with the final round of the National Rental Affordability Scheme. The scheme will be reviewed to address ongoing issues and ensure remaining incentives meet the scheme's original aim. In consultation with states and

territories, investors, developers and the housing sector, the Government will look at how best the scheme can meet its objectives, stamp out trading of incentives, target Australians who are most in need and reduce red tape and ambiguity. This is to save \$235 million over three years. The review of NRAS is something that REIA has called for, nevertheless the scheme has added to the supply of rental housing and taken pressure off the level of rents. A revised scheme should continue to pursue the initial objectives but benefit from the lessons learned in the review.

- The First Home Savers Accounts scheme will be abolished with no new accounts opened from Budget night. The Government co-contribution will end on 1 July 2014 and the income and asset test exemptions for government benefits associated with these accounts are to end from 1 July 2015. From July 2015 there'll be no restrictions on withdrawing funds. The saving is \$134 million over five years. The abolition of the First Home Saver Account scheme, whilst disappointing, is not likely to have a major impact on the market as the reason for its axing is the low uptake of the scheme – around 46,000 compared to the initial expectation

of 750,000. With home ownership in Australia declining and first home buyers finding it increasing difficult to enter the housing market, REIA would have liked to have seen the scheme reviewed and improved.

- The pilot scheme announced last Budget for seniors wanting to down-size will not proceed, saving \$173 million over four years. The scheme proposed down-sizing seniors could deposit up to \$200,000 for 10 years without impacting on their pensions.

The Budget should not, of itself, affect market conditions to any great degree with the good news that a period of low and stable interest rates can be expected. With forecasts of moderate growth, in line with OECD forecasts, a slight increase in unemployment and inflation well within the RBA's target zone, the Budget should have a negligible impact on interest rates.



REIA'S BUDGET MEDIA RELEASE



FIRST HOME BUYERS TO SHARE IN THE HEAVY LIFTING

Real Estate Institute of Australia (REIA) President, Peter Bushby says the housing sector is not immune to the Treasurer's call for everyone to contribute to the Budget repair.

In REIA's response to the Federal Budget, Mr Bushby says first home buyers saving for a deposit have lost yet another incentive with the abolition of the First Home Savers Account scheme.

"We would like to have seen the scheme reviewed and improved rather than simply thrown on the scrap heap because of an initial low uptake."

"With home ownership in Australia declining and first home buyers finding it increasingly difficult to enter the housing market, this will not help the situation."

"By contrast, the Government has indicated that the National Rental Affordability Scheme (NRAS) should be reviewed – an action REIA supports."

"We're pleased to see no change to negative gearing in its current form for the purpose of property investment."

"It is complementary to the goals of the Housing Affordability Fund (HAF) in addressing the supply of rental accommodation."

"Abolition of negative gearing would result in a dwindling supply of properties for rent and escalating rents and reduced opportunities for low to middle income earning Australians to create wealth for self-funded retirement."

"With Budget forecasts of moderate growth, a slight increase in unemployment and inflation well within the RBA's target zone, interest rates should remain low for some time and that is good news for home owners and prospective buyers," concluded Mr Bushby.

The Federal Budget 2014-15 can be found [here](#).

HOUSING INDUSTRY ASSOCIATION (HIA)

Commenting on the Federal Budget, the Housing Industry Association said that the document has delivered spending cuts across the board, many impacting on Australia's residential building industry. Noting that the residential building sector has only just begun to play a pivotal role in driving the economy HIA stressed that maintaining and improving consumer sentiment was crucial in the current environment of transitioning away from mining led growth. HIA called the abolition of the National Workforce Development fund, among other training programs, unfortunate, highlighting that the establishment of the Industry Skills Fund by reallocating the funds has a much narrower focus on a few select industries. HIA welcomed the establishment of the Trade Support Loan scheme which enables apprentices to borrow up to \$20,000 throughout the duration of their apprenticeship on loan terms, however the HIA would like the decision to restrict access to only those undertaking apprenticeships in trades on the National Skills Needs list to be revisited. HIA was disappointed by the abandonment of the final round of the National Rental Affordability Scheme.

MASTER BUILDERS AUSTRALIA (MBA)

MBA's conclusion was that the Federal Budget should have a positive impact on the building and construction industry, but not without pain. Welcoming the Government's \$50 billion infrastructure package the MBA noted, however that "roads are not everything and the Government will need to focus on broadening infrastructure investment to include urban investment in the post-Budget period." Recognising that many small building firms are not incorporated the MBA welcomed the cut in company tax. Abolition of a number of programs, such as the National Rental Affordability Scheme, the Tools For Your Trade program, the Apprenticeship Mentoring Program and the National Workforce Development Fund "deeply concerned" the MBA however the MBA welcomed the Trade Support Loans for apprentices. The imposition of the fuel levy is expected to hit hard tradies.



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



REIA CEO ATTACKS QUICKIE COURSES AS A 'BLIGHT ON THE PROFESSION'

REIA is advocating on behalf of the profession to improve quality and skills. It was with this in mind that REIA President Peter Bushby and CEO Amanda Lynch met with the Qld Attorney General the Hon Jarrod Bleijie on 23 April and a week later with the then NSW Fair Trading Minister the Hon Stuart Ayres (pictured).

Ms Lynch said that the profession is concerned that a loophole is allowing unqualified people to advise on complex property transactions after undertaking 'quickie' three day real estate courses. REIA believes that organisations that are not registered training organisations (RTOs) should not be eligible to advertise or run courses for real

estate. REIA is also working with the Australian Quality Skills Authority to ensure that RTOs are vigilant in ensuring that people studying units of competency to enter the property industry are rigorously assessed.

"We are concerned at the quality and duration of courses, mainly emanating from Queensland and New South Wales," Ms Lynch said. "These courses are a blight on the profession and they are putting consumers at risk. It hardly seems fair that someone can complete a course in three days as opposed to mainstream agents who study under an approved RTO and spend 12 months part time learning important modules dealing with administering trust funds, legal and ethical requirements and managing risk.

"It is frightening to think that someone can enter the real estate profession with inadequate training and then be handed the keys to a home, the largest single investment a family will make in their lifetime. These 'quickie' courses must be stamped out."



REIA President Peter Bushby, the then NSW Fair Trading Minister the Hon Stuart Ayres and REIA CEO Amanda Lynch



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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

FOREIGN INVESTMENT IN THE AUSTRALIAN HOUSING MARKET



The topic of foreign investors, particularly Chinese investors, pricing out Australian buyers has recently received a lot of media coverage, prompting a Government inquiry to examine whether foreign investment in real estate is being administered properly by the Foreign Investment Review Board (FIRB).

REIA made a submission to the Standing Committee on Economics Inquiry into *Australia's Foreign Investment Policy as it Applies to Residential Real Estate*. REIA's submission attempts to analyse whether foreign investment is directly increasing new housing supply (the objective of Australia's foreign investment policy, as it applies to residential property, is to increase the supply of new housing) and also whether the administration and compliance of Australia's foreign investment policy relating to residential property can be enhanced.

Despite the market's subdued conditions from mid 2010 through

to the end of 2012, the Australian housing market, assisted by a strong Australian dollar, remained a safe haven for overseas investors.

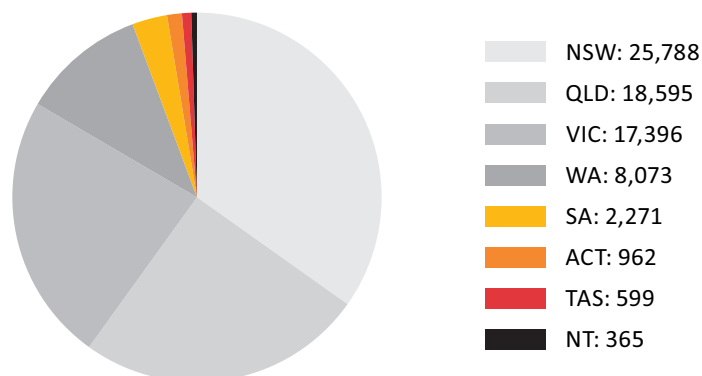
The FIRB annual report shows that the real estate sector was the largest destination by value with approvals in 2012-13 of \$51.9 billion, of which \$17.2 billion was in residential real estate. Considering that in FY2012-13, there was \$94.6 billion invested in housing, REIA estimates that 15%-20% of investor demand is coming from overseas. The three largest source countries of proposed investment in real estate by value are China, Canada

and the US, accounting for 11.4%, 9.5% and 8.5% respectively of all approvals.

Analysis of the FIRB publication revealed the market segments of existing dwellings and vacant land are in a price category well beyond median prices and are not likely to compete against "average" first home buyers, while new dwellings and off-the-plan purchasers appear to be in a price category higher than the median for units.

Figure 1 below shows the state distribution of non-residents' investment properties is focussed on the eastern seaboard.

FIGURE 1 Number of non-residents' investment properties by jurisdiction of property, 2011-12



Source: ATO

» *article continues*

Victoria, New South Wales and Queensland account for 34%, 32% and 11% respectively of all approvals of proposed investment in residential real estate by value.

A clear relationship between the level of foreign investment approvals and building activity and thus supply of new dwellings has been found in New South Wales, Victoria and Queensland (figures 2-4 adjacent) prompting a conclusion that the FIRB Guidelines of increasing the supply of housing are being met.

For these states, the level of foreign investment as a proportion of the value of dwelling stock, whilst much higher than the Australian average, is still at a level where the ability of foreign investors to influence the market is negligible – 0.33% in NSW, 0.48% in Victoria and 0.24% in Queensland in 2012-13.

REIA does not see a need for the policy relating to foreign investment in residential real estate to change. Foreign investment has been found to increase supply of new housing while a competition between an “average” first home buyer and a foreign investor is unlikely.

» *article continues*

Figure 2

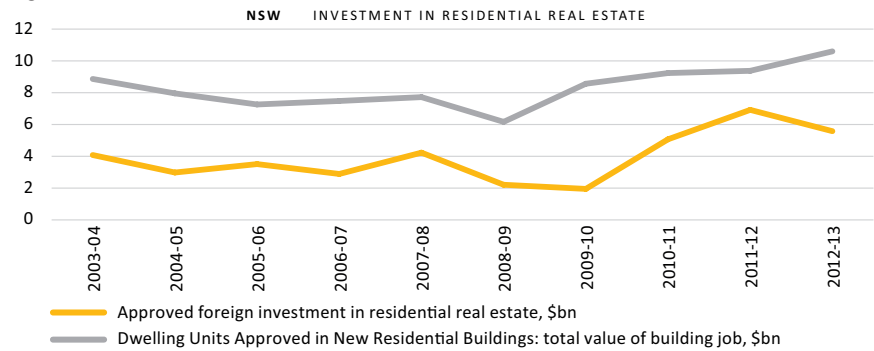


Figure 3

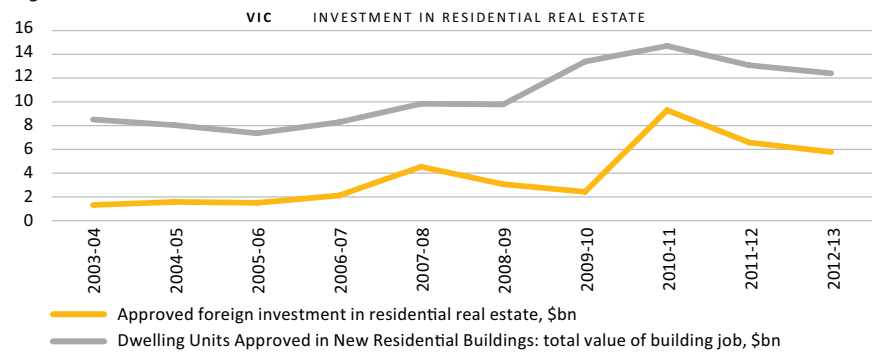
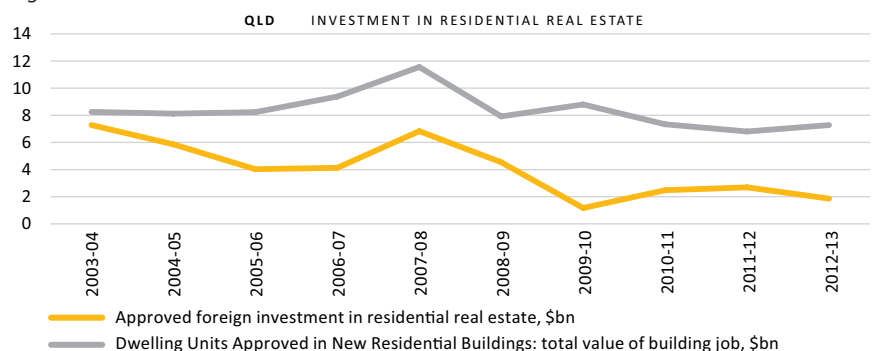


Figure 4



Source: FIRB, ABS

FOREIGN INVESTMENT IN THE AUSTRALIAN HOUSING MARKET

CONTINUED

However, the REIA submission recommends that the level of FIRB data made publicly available and its timeliness be reviewed; that the powers of enforcement, the penalties and the compliance and monitoring activities of the FIRB introduced in 2010 be independently

reviewed as to their effectiveness and appropriateness; and that the penalties applicable under the Foreign Acquisitions and Takeovers Act are reviewed with consideration being given to an ad valorem rate and that this rate is set at 10%.

The REIA submission can be found [here](#).

Temporary Residents	Foreign Non-Residents
<ul style="list-style-type: none"> • Must notify FIRB of any proposed acquisition of residential real estate; • Can buy one established dwelling only to live in and must sell the property when it ceases to be their residence; • Cannot buy established dwellings as investment properties; • May buy new dwellings or vacant land to build new dwellings. 	<ul style="list-style-type: none"> • Must notify FIRB of any proposed acquisition of residential real estate; • Can invest in Australian real estate only by acquiring new dwellings, off-the-plan properties under construction or yet to be built, or vacant land for development; • Cannot buy established dwellings as investment properties or as homes.

MAJOR THREAT LOOMS OVER COMMERCIAL AGENT LICENSING

The future of commercial estate agent licensing in Victoria is at risk under a State Government proposal to remove it for “large transactions”.

The proposal was first announced by the State Government on 8 January this year as one of 36 red tape reduction reforms – seeking to remove the requirement for commercial agents to hold a licence for “large commercial transactions”.

The proposal gave no indication of what constitutes a “large” commercial property transaction and no detail on whether it relates to just sales, or leasing, or both types of transactions.

REIV CEO Enzo Raimondo said that the move would greatly increase consumer risk and lower standards.

“It will be a free-for-all,” he said.

“Agents dealing in commercial and industrial transactions below a certain amount will be licensed, while others won’t.”

“Licensed agents are bound by the Estate Agents Act, Sale of Land Act, Instruments Act and Estate Agents (Professional Conduct) Regulations.

“These acts and regulations deliver security to those buying and selling commercial real estate in Victoria.”

“Agents also require qualifications and professional development which further enables them to service and support those buying, selling or leasing commercial real estate.”

The proposal would unleash unlicensed operators in to a critical sector of the real estate market, who could have:

- No qualifications
- No experience

The change would impact heavily on consumers, creating significant risk as there would be:

- No probity checks
- No rules of conduct
- No trust account protection
- No access to the Victorian Property Fund

DRONE PHOTOGRAPHY

A snapshot of Australian Aviation Law



DID YOU KNOW?

- It is **ILLEGAL** in Australia to fly a Drone / UAV / RPA / Quadcopter for any type of commercial gain without an official UAV Controller Certificate (CC) AND UAV Operator Certificate (UOC) issued by the Civil Aviation Safety Authority (CASA).

- Real Estate Photographers using a Remotely Piloted Aircraft (RPA) also known as Drones or UAVs **MUST** have a CC and UOC issued by CASA to take photos to be used for any type of marketing or promotion by a Real Estate agent or private client.

- A UAV Controller Certificate is like a pilot flying for an Airline and the UAV Operator Certificate is for the Airline to operate in Australia.

- Fines imposed on illegal UAV operations may include a criminal record and is not only restricted to a civil penalty as it falls under the Aviation Law.

- The rules and regulations are clearly explained in the Civil Aviation Safety Regulation (CASR) part 101.

- The process to obtain both a CC and UOC takes about 6 months.

- The total costs involved is at least \$10 000 for a basic Real Estate Photography business.

- Certified Controllers are aware of the laws and their responsibilities, and adopt a higher level of safety and training of their equipment and staff.

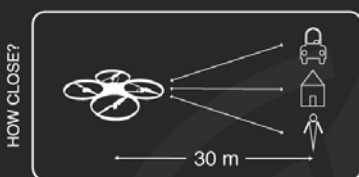
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IMPORTANT SAFETY INFORMATION



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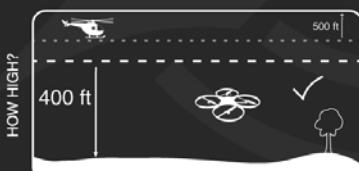
DO NOT fly over any populated areas such as beaches, other people's backyards, heavily populated parks or sports ovals where there is a game in progress



DO NOT operate within 3nm or 5.5km of an aerodrome or helicopter landing site without approval



ONLY operate your RPA during daylight, good weather and in Visual-Line-of-Sight



DO NOT fly above 400ft



FPV Flying may be illegal without an Advanced Amateur Radio License



INDUSTRY ARTICLE

TECHNOLOGY INNOVATION

→ THE KEY TO GREATER PROFITABILITY FOR ANY AGENCY

Will Irving, Group Managing Director, Telstra Business, looks at the role technology plays in the boosting productivity and profitability for business owners

As a business owner, there's a good chance that your biggest business priority is to increase your margin – reduce costs and increase the value of each sale (in other words, increase both productivity and profitability). These are often thought of as being contradictory – a higher value sale should require higher costs, or so the logic runs. The good news is that the answer to this age-old conundrum is a lot closer than you may think.

Business owners face a range of fixed financial challenges, from rent and insurance to power and payroll. Technology costs used to be on that list, but now, there are ways to avoid up-front technology costs, use technology to reduce other costs and at the same time leverage new business tools to deliver more value for your customers too – yes, save money to invest elsewhere in your business while making more! Last year national research by Telstra of small business owners¹ revealed that the number one priority for FY14 was decreasing business costs, with 61 per cent of respondents identifying investing in new technology as a priority to achieving this goal.

Business owners are fast learners, and recognise the breadth of opportunities available to them, the next challenge is to cut through the 'technology noise', to determine what solutions are best suited to achieving goals specific to each business.

Firstly, it's important to remember that this doesn't necessarily mean creating a 'high-tech' office for your agency. A key benefit of the new digital world is the ability for staff to seamlessly work from anywhere, particularly important for agents who are always on the road seeing clients.

Mobile working not only boosts profitability, by reducing costs such as furniture and rent, but research also shows that flexible working enables productivity, job satisfaction and is a way for businesses to retain the best talent² – resulting in less training for new hires, or recruitment fees, greater staff engagement and confidence in their employer's business.

Technology tools such as tablets, Mobile Business Applications, and DOT (Digital Office Technology) make this possible from a "getting work done" perspective. However, how you would engage with your clients is now undergoing a radical transformation too. Recent advances in the quality of "business grade" video-conferencing, combined with affordability like never before – means that, face-to-face video conferencing is enabling businesses to save employees time, as well as money on travel costs.

To achieve even greater profitability, we also need to re-think the management of cash flow. This can be from simply paying bills on-time, not before and not after the due date – to conserving work capital

by using "Pay-As-You-Go" for business technologies, rather than an upfront payment, enabling technology to work the way you work, and cash to come in before it goes out, and not the other way around.

Protection of online assets such as customer lists and marketing information, as well as employee data should be another high business priority, with products such as Telstra's Symantec Enterprise Vault able to prevent sensitive information coming in or out of your business via email. Another example is McAfee on T-Suite, which is a cost-effective solution that enhances desktop security without the need for a business IT team.

Simple changes can make a big difference to your profitability – meaning less time and energy spent on 'maintaining your businesses' and more on doing the things that matter most – whether that's time away from the business spent with family; time to invest in marketing; or time developing a key passion or specialisation.

The digital future is here, and there's no time like the present to take a close look at your business model, to see how profitability and productivity can be improved – before your customers choose someone else who has.

By Will Irving

GROUP MANAGING DIRECTOR,
TELSTRA BUSINESS

¹ Telstra Smarter Business Monitor, April 2013

² 'Hybrid Teleworkers' Produce Better Outcomes, November 2013



NEW SOUTH WALES AWARDS FOR EXCELLENCE

Estate Agents Co-operative Ltd (EAC) and the Real Estate Institute of Australia (REIA) are pleased to announce the New South Wales Awards for Excellence recognising the real estate industry's top performers from the NSW Affiliates' Council Members of the REIA.

The EAC / REIA Awards for Excellence aim to encourage, recognise and promote excellence and best practice in the profession.

These awards provide an opportunity to be recognised at both a state and national level and winners from the New South Awards for Excellence will progress to the REIA National Awards for Excellence in Perth on 12 March 2015.

ELIGIBILITY

Entry to the Awards for Excellence is open to and needs to be made through the NSW Affiliates' Council Members of the REIA – Estate Agents Co-operative, LJ Hooker, Professionals and First National.

AWARD CATEGORIES

There are a total of 15 separate categories in the 2014 EAC / REIA NSW Awards for Excellence.

The award categories for agencies are:

- Large Residential Agency of the Year
- Medium Residential Agency of the Year
- Small Residential Agency of the Year
- Commercial Agency of the Year

- Innovation Award
- Communications Award
- Community Service Award

The award categories for individuals are:

- Residential Salesperson of the Year
- Commercial Salesperson of the Year
- Residential Property Manager of the Year
- Commercial Property Manager of the Year
- Business Broker of the Year
- Buyer's Agent of the Year
- Corporate Support Person of the Year
- Achievement Award

To enter or find out more, click [here](#).



NEW SOUTH WALES AWARDS FOR
excellence

Thursday 25th September 2014

SOFITEL WENTWORTH, SYDNEY

HOSTED BY ESTATE AGENTS CO-OPERATIVE & REAL ESTATE INSTITUTE OF AUSTRALIA





Chris McGregor

FIABCI AUSTRALIA REPORT

The Chinese entrepreneur, Zhang Yue plans to build the largest and most sustainable building in the world in the middle of the Chinese province Hunan, in only seven months. His goal will totally revolutionise the building industry, which in turn will have an effect on all sectors involved.

In his keynote speech at the 65th FIABCI World Congress (May 17-22 in Luxembourg), Zhang Yue will show what role architects can play today.

Buildings which are sustainable with five times more energy-efficiency, which preserve land and materials and are low-cost, are the focus of BROAD Group. The company is chaired by founder Zhang Yue, a revolutionary and passionate creative thinker. Mr Yue has already obtained a multitude of patents for his inventions, such as the pressure-free hot water boiler, the direct-fired chiller for non-electric air conditioning and a revolutionary air purification technology with an electrostatic cleaner.

His most recent project is the T30, a 30-story hotel built in only 15 days. This is a unique project which has captured attention. The secret of how to complete this building in such a short time span is as easy as it is clever: BROAD buildings are based on standardised pre-manufactured plates which are assembled on-site. This technique is in contrast to traditional construction which is, according to Mr Yue, too time consuming and generates unnecessary waste. His technology for this building is more cost efficient, time saving and environmentally friendly.

Building upon the success of T30, Mr Yue has bigger goals. He plans to build SkyCity, an 868-metre high tower which will house more than 30,000 people as well as offices, schools, a hospital, recreation and sports centres, a giant shopping mall and even an organic farm. In addition, there will be up to 10 km of walking streets within the building. His theory is that if you provide an environment where people do not have to leave the building anymore to go to the hospital or grocery shopping, they will not have to use cars – enabling a tremendous reduction in CO2 emissions.

In breaking news: Their Royal Highnesses, the Grand Duke and Grand Duchess of Luxembourg will be attending the Fiabci 65th World Congress.

Fiabci65 will make a donation to the SOS Children's Village International, an association under the high patronage of Her Royal Highness Grand Duchess Maria Theresa of Luxembourg.

Chris McGregor

PRESIDENT • FIABCI
AUSTRALIAN CHAPTER



Their Royal Highnesses, the Grand Duke and Grand Duchess of Luxembourg who will be attending Fiabci65

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INDUSTRY UPDATE

Industry news from around Australia



Google Glass

In the last 20 years, technology has been a major driver of change in Australia's real estate industry. But will Google Glass really make a difference to the way we see property?

With Google Glass still months away from an Australian launch, the property industry is already busy predicting how the wearable computer technology will affect the sale and purchase of real estate.

Australian real estate agents have been unusually slow to take up video marketing for properties, despite the ease of dissemination on the internet. But according to recent sales data from Century 21 Australia, properties the agency promoted with video content sold an average of 27% faster than standard listings.

Qld win win

The Real Estate Institute of Queensland (REIQ) has welcomed the long awaited split of the Property Agents and Motor Dealers Act which has resulted in the creation of industry specific legislation, including the Property Occupations Act.

REIQ chairman Rob Honeycombe said the Property Occupations Act and other associated legislation passed would cut red tape and make it easier to buy and sell real estate throughout Queensland.

"Previously, the real estate sector has long been legislatively bundled in with a variety of other occupations and the REIQ always felt that our profession deserved its own specific legislation.

"The new laws will also empower consumers as never before, making it easier

than ever for them to navigate the entire spectrum of real estate transactions.

The majority of the changes reflect policy positions of the REIQ, and 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 rates to allow contractual freedom;
- Abolishment of a separate Warning Statement instead this will be included in the relevant contract; and
- Stricter disclosure of third party benefits to buyers.

Rental roundabout

The dream of a white picket fence could be a thing of the past, with many Australians stuck on the rental roundabout, according to a report released by realestateVIEW.com.au.

The Housing Sentiment Report – examining the lifestyle preferences and affordability concerns of buyers and renters – shows one third of tenants have been in the rental market for five-plus years, with affordability a major deterrent to entering the market.

The report asked the often 'forgotten' property hunters, renters, what is preventing them from buying, and reveals:

- Half of renters believe they can't afford a deposit
- 32% believe they can't afford mortgage payments
- 28% of renters say they haven't bought a property because they can't afford to buy where they want to live

- 25% think the market is overpriced
- 22% believe it's cheaper to rent
- 18% have difficulty obtaining finance
- 16% don't want to be tied down to one place because of a mortgage
- 12% have already bought an investment property

Investing to get a foot on the property ladder is proving a more viable alternative for some renters. Of those who have bought investment properties, 44% say they chose this tactic because they make more money from the rental income and/or negative gearing benefits. A further 38% say they're renting while investing in cheaper properties because they can't afford to buy in the area they want to live.

Property Council

Prominent property industry identity, Ken Morrison is to return to the Property Council as CEO, replacing Peter Verwer, who is moving to Singapore to head up the Asia Pacific Real Estate Association.

Morrison, who is currently CEO of the Tourism and Transport Forum, was previously the Property Council's chief operating officer and executive director of the organisation's NSW Division.

Morrison was executive director of the Property Council's NSW Division between 2002 and 2010. During that time he led the successful campaign to scrap the NSW vendor duty.

As COO between 2010 and 2013, Morrison headed up the Property Council's national advocacy, ran the ground breaking "Make My City Work" campaign and spearheaded the formation of the Retirement Living Council.

MAKING NEWS

General national news



Licence cancelled

ASIC has cancelled Banksia Mortgages' Australian financial services (AFS) licence.

Banksia Mortgages is one of four subsidiaries of the Victoria-based Banksia Financial Group, which collapsed in 2012. The others include the debenture issuer Banksia Securities Limited, Cherry Fund Limited and BFG Management Pty Limited.

In August 2013, the Supreme Court of Victoria made orders authorising Banksia Mortgages to wind up the Banksia Mortgage Fund on the basis that it was just and equitable to do so. In December 2013, a sale of Banksia Mortgage Fund's portfolio of loans saw \$85 million distributed to 1,200 investors.

In April 2014, Banksia Mortgages applied to ASIC to cancel its AFS licence to minimise ongoing costs to investors and to allow it to transfer money to Banksia Securities Limited which it had been maintaining for the purposes of liquidity requirements under its AFS license.

Most investors in Banksia Mortgage Fund have received 100% return of their money plus interest. Around 108 investors are yet to be paid all of their money back.

Commuting costs

Perth is the most expensive city in Australia to own and commute to work by car – and the further your commute, the more you pay.

Research recently released by the Australasian Railway Association tells us that commuters travelling to work in the Perth CBD annually spend anywhere from \$9,180 for a 5 km commute to the CBD to up to \$22,306 for a 25 km commute to the CBD.

This compares to an Australian city average of between \$7,432 for a 5km commute and \$14,639 for a 25km commute, per

annum. Why are commuting costs so much higher in Perth than the national average?

According to the report, Perth's high commuting costs are primarily the result of having higher CBD parking charges than most other capital cities, for the purchase of annual unreserved parking, but it's also influenced by high fuel costs compared to most other Australian capitals.

Good urban planning saves lives

According to international research, wrap-around services for women and children at risk of violence from the men in their lives, and for men seeking help for their violence problems, can save lives.

If local schools and health services identify violence and risks of further violence; if legal aid, specialised court services and counselling (including the capacity for supervised visits with children) can be provided conveniently and compassionately; if emergency housing and housing assistance allow women who have pressed charges to stay at home with additional security or move to a secure location without overly disrupting their children's lives, then there is a better chance that domestic violence will not lead to further tragedy.

At present, we are allowing very high rates of growth in outer suburbs, without the critical infrastructure people need to live healthy and safe lives. Schools, health and social services, and emergency housing need to be provided, just as much as water, sewers, roads and rubbish collection.

In residential areas that are already service-rich, more affordable housing needs to be provided so that poorly serviced outer suburbs are not the only choice for young families. Co-ordination of service planning with land use and transport planning has never been more necessary.

While these measures are not "quick-fix" solutions to a complex and deep-set health and social problem, they are needed in the long term to prevent unnecessary death and suffering.

Cashflow

Almost two thirds of Australian households (63%) say they have been strapped for cash between pay days at some stage and one in three have used a credit card to tide them over. Almost half (46%) say it would take at least an extra \$300 per week to be comfortable with take-home pay.

These are the latest findings of the ING DIRECT Household Financial Wellbeing Index, which confirms many Australians are struggling to make ends meet and build personal savings.

Key findings for Q1 2014 (surveyed in April 2014):

- Only 9% of Australians are entirely comfortable with their take-home salary. 46% say they would need at least an extra \$300 per week to feel comfortable with their take-home pay.
- 63% of households have been stretched between pay days at some stage. 15% say they are 'always' stretched between pay cheques.
- Households that have been stretched between pay cheques make ends meet by:
 - 57% - staying at home instead of going out
 - 49% - cooking cheaper meals
 - 35% - dipping into savings
 - 33% - rely on credit cards to carry over until payday.
- Given the prospect of a 5% pay rise, 82% of Australians would use the money to grow savings/pay down debt; only 11% would spend the cash.

POLITICAL WATCH

Information and news from government



Honouring Diggers

Victorian Minister for Planning Matthew Guy has announced that councils will be able to pay homage and tribute to Victoria's bravest soldiers, including ANZACs and those who fought in World War I and 2, by naming new suburbs across Melbourne after the Diggers. This project will provide suburbs with a unique identity and honour Victoria's military history by applying locally generated ANZAC themed names to future precincts and precincts that have been planned but are yet to be developed.

Negative gearing

The Australian Taxation Office released an overview of 2012 income tax returns for individuals, companies, superannuation funds, partnerships and trusts. The recent publication does not include information on the number of individuals with an interest in a rental property. In 2011-12, there were 12,736,030 individual taxpayers in Australia of which 14.9% were rental property owners declaring a total of \$ 7,860 million in losses. There were 626,230 individuals reporting a net profit of a combined \$5,939 million and 1,266,540 individuals with the total net loss of \$ 13,799 million. On average, the net rent profit was \$9,438, the net rent loss was \$10,895 while the average income loss for both negatively and positively geared property investors was \$4,146.

Life's a beach

Public access to the beach has been secured under new legislation introduced by the Queensland Government into State Parliament. Minister for Natural Resources and Mines Andrew Cripps said amendments to the Land Act 1994 would address issues surrounding public access to areas of beach which, due to erosion, had fallen under private ownership. "Queensland beaches are key focal points of our lifestyle, for local communities and our economy. Locals and visitors alike love the coast and many consider it their right as Queenslanders to freely access our magnificent beaches."

Honest advertising

Most Australian businesses use advertising to promote their goods and services. Whether they advertise through television, radio, the internet or print media, they must ensure that their advertising complies with the law.

The Australian Consumer Law (ACL) is a national law that aims to protect consumers and ensure fair trading in Australia. The ACL is part of the *Competition and Consumer Act 2010* (the Act).

Advertising and selling practices have evolved rapidly. These practices no longer occur solely through traditional print media, television or a shop front. Advertising and selling occurs widely in the online environment, such as through email, social media, apps, online shopping sites, price comparison sites, review platforms and search engines.

Honest advertising is not just good for your business – it's required by the law. The fundamental rule of advertising and

selling is that all claims must be true, accurate and able to be substantiated.

The ACCC's Advertising and selling guide provides more information on this topic, including examples and practical tips.

More information available [here](#).

Small Business Engagement Survey

Last month, the Australian Securities and Investments Commission (ASIC) released an online survey to get your view on how it engages with the small business sector. The results will be benchmarked against the 2012 Small Business Engagement Survey, inform work and improve services and resources for small business.

Whether you're a small business owner, or advise someone who is, we encourage you to participate in ASIC's survey. It's anonymous and only takes five minutes.

The purpose of this survey is to understand how Australian small business obtains information about obligations and regulations from ASIC. This information will help ASIC better serve Australian small business and improve the manner in which obligations and regulations are communicated.

This is an anonymous survey. No information is asked that would enable ASIC to identify you or your business.

Please refer to ASIC's Privacy policy <http://www.asic.gov.au/privacy> for more information about how ASIC handles your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy by ASIC.

ASIC's survey is open until Monday 26 May 2014. [Click here to complete ASIC's survey](#).

THE WORLD

Property news from around the world



3D printed houses

A company in China claims to have built 10 3D printed detached houses within 24 hours. Four huge printers measuring 32 m long, 10 m wide and 6.6 m tall were used to make the bungalows, China's Xinhua news agency reported.

The compact houses were constructed using waste material which was pumped out into layers – and the properties were said to have been created for less than \$5,000 US each.

They are constructed from waste material pumped out of a nozzle so that walls are built up layer by layer. The recipe for the quick drying cement is top secret, but is made entirely from recycled materials. The new construction technique means affordable housing could be created faster than ever before, and there are even hopes skyscrapers could be erected using the same technology.

Quality checks are currently conducted by examining each piece of the structure as it is printed out, but there might have to be more stringent checks if people are to live in the buildings in the future.

China has announced the first 3D printed house project will be located in Qingdao, a major city in Shandong Province, Eastern China, which has a population of almost nine million.

Measuring sprawl

Some places in the United States are sprawling out and some places are building in compact, connected ways. The difference between these two strategies affects the lives of millions of Americans.

Measuring Sprawl 2014 analyses development patterns in 221 metropolitan areas and 994 counties in the United

States as of 2010, looking to see which communities are more compact and connected and which are more sprawling. Researchers used four primary factors – residential and employment density; neighbourhood mix of homes, jobs and services; strength of activity centres and downtowns; and accessibility of the street network – to evaluate development in these areas and assign a Sprawl Index score to each.

This report also examines how Sprawl Index scores relate to life in that community.

The researchers found that individuals in compact, connected metro areas have greater economic mobility. Individuals in these areas spend less on the combined cost of housing and transportation and have greater options for the type of transportation to take. In addition, individuals in compact, connected metro areas tend to live longer, safer, healthier lives than their peers in metro areas with sprawl.

More information available [here](#).

London rents

The cost of renting a two-bedroom flat has topped £1,000 in all but two London boroughs, according to a new study by Zoopla. The only areas where Generation Rent can hope to find a home for less than four figures are Havering in east London and Bexley in the south-east.

Rent rises in the past year mean that average rents on two-bedroom flats in a quarter of London's boroughs now top £2,000 a month, according to the study.

It found that in [Westminster](#) the average two-bedroom rent stands at £4,174, while rents in the City, Kensington and Chelsea, Camden, Islington, Tower

Hamlets, Hammersmith and Fulham and Southwark all top £2,000 a month.

Antonia Bance, head of campaigns at housing charity Shelter, said that a two-pronged approach was needed to help renters. "London needs around 50,000 new homes a year to meet demand," she said. "Last year, 18,000 were built. The reason rents are so high is that there is such immense competition in London."

However, Bance estimated that it could take two decades to create enough homes for London's needs. In the immediate term, she advocated the introduction of mandatory five-year tenancies to give security to renters and that rents should not rise by more than the rate of inflation. Under her proposals, tenants would be allowed to give two months' notice on a property, but landlords could only end a contract if tenants failed to pay their rent or indulged in anti-social behaviour – or if the landlord wanted to sell the property.

Carparks

An online tool for tracking the ratio of parking spaces to rental units in a local area has been released in the US. The Right Size Parking Calculator allows you to view estimated parking/unit ratios for multi-family developments throughout urban areas of King County, WA (Seattle area). The calculator is based on a powerful model developed from current local data of actual parking use. While it is intended to help support and guide parking supply and management decisions, it should not be viewed as a definitive answer. Rather, it should be seen as a resource to inform discussions, weigh the factors impacting parking demand, and help consider the proper provision of parking.

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COMMUNICATIONS ON 02 6282 4277 OR AT
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02 6282 4277 | WWW.REIA.COM.AU