

REIANEWS

ISSUE 48: AUGUST 2015



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PRESIDENT'S REPORT

Mr Neville Sanders
REIA President



WELCOME FROM REIA'S PRESIDENT

Next month will be the opportunity to see the top auctioneers in Australia and New Zealand display their skills at the Australasian Real Estate Institutes' Auctioneering Championships.

The Championships are conducted jointly by the Real Estate Institute of New Zealand and the Real Estate Institute of Australia (REIA). This year, the Real Estate Institute of Victoria is proud to be hosting the 2015 Championships and we invite you to join us for this exceptional event at Crown Conference Centre on the 2nd and 3rd of September.

The Australasian Auctioneering Championships were first held in 1993 to provide both countries with an opportunity to showcase their best auctioneers.

Devised bidding processes test the auctioneers' aptitude, attention and ability to think on their feet. To be successful, competitors have to deal with a wide range of testing questions and unpredictable bids.

Combining skill, professionalism and technical knowledge, the contestants are highly accomplished and high-energy performers.

The quality of these auctions is truly exceptional; participants need to create momentum in the bidding while building rapport with the crowd.

The 2015 Australasian Auctioneering Championships will be followed by a gala presentation dinner and will be held concurrently with the REIV Connect 2015 conference. To register, visit [here](#).

Meanwhile the latest housing finance figures released by the Australian Bureau of Statistics (ABS) reflect declining lending activity.

The lending figures indicate a market that is moderating, including the hotspots of Sydney and Melbourne, with June 2015 being the fifth consecutive month of modest drops in lending levels if refinancing is excluded.

The declining housing lending suggest any concerns of an over heating property market led by investor activity should be laid to rest.

Mr Neville Sanders

REIA PRESIDENT



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THE THREAT OF CYBERCRIME

ACORN



The internet has created new opportunities for financially motivated cyber criminals and those who seek to target vulnerable members of our community. The sophistication and impact of cybercrimes continues to grow and poses a serious and evolving threat to Australian individuals, businesses and governments. Organised criminal groups are increasingly using digital technologies to facilitate their illegal activities, to commit both traditional crimes such as theft and fraud and also new crimes enabled by advancing technologies.

Although it is difficult to quantify the total costs, evidence from operational agencies suggests that economic costs of cybercrime in Australia are substantial. As many instances of cybercrime go unreported, it is difficult to give an accurate figure. However, non-government estimates put the cost of cybercrime in Australia as high as \$2 billion annually.

Those who fall victim to cybercrime need to know where to report it and get assistance. The uncertainty about how and where to report can deter victims from reporting, limiting our ability to respond to and understand cybercrime.

Australian governments recognise the serious threat posed by cybercriminals and are working together to combat this threat as part of a collaborative national response. Part of this solution was establishing a national online reporting facility for cybercrime—the Australian Cybercrime Online Reporting Network (ACORN). The

ACORN provides access to general educational advice, and refers reports to law enforcement and government agencies for further consideration and investigation where appropriate.

The ACORN will help to address several key priorities identified in the National Plan to Combat Cybercrime. In particular, the ACORN will:

- **Reduce confusion around how to report cybercrime.**
As there are many agencies across the Commonwealth, States and Territories which play a role in investigating cybercrimes, there can be a lack of clarity for victims about how and where different types of cybercrime should be reported
- **Provide centralised aggregated data on cybercrime in Australia**
to improve our understanding of its scope and total cost, supplementing the current intelligence picture of cybercrime and informing policy and operational responses to cybercrime

- **Streamline the process of referring cybercrime reports between law enforcement and other relevant government agencies,** minimising law enforcement resources occupied in redirecting cybercrime reports to the most appropriate agency
- **Provide a centralised point for advice on avoiding cybercrime,** to provide up to date advice to businesses and the community.

Prior to the development of the ACORN, there was no single location for members of the public to report incidents of cybercrime, leading to confusion, frustration and a perception of inaction on the part of police, regulatory agencies or governments more generally. The ACORN now provides a centralised national online facility that receives cybercrime reports from members of the public.

Before the ACORN was developed, there was also no capacity for

THE THREAT OF CYBERCRIME

» *continued*

law enforcement agencies to systematically collect and aggregate intelligence data on cybercrime. The ACORN is unique in that it has delivered the sole capability in Australia for automatic referral and triage of cybercrime reports nationwide. This will help to develop improved strategic, operational and tactical responses to cybercrime. Intelligence and threat assessments on ACORN data are prepared by the Australian Crime Commission to assist in developing a clearer national picture. The system also refers reports to other law enforcement and government agencies to help them respond quickly to acts of cybercrime.

The web application is available to the public 24 hours a day, 7 days a week.

The ACORN is used by all Australian police agencies as well as other law enforcement agencies. To date the ACORN has had more than 124,000 visitors to the website. The leading incidents of cybercrime

Examples of cybercrime involving real estate agents

- 1** A real estate agency in Newcastle has suffered an attack on their corporate network which has left it inoperable. A database containing thousands of contact details of clients and detailed information on the properties listed for sale has been lost. If the agency cannot retrieve this information, it will take months and thousands of dollars to recompile the database.
More information available [here](#).
- 2** ACT Police has launched an investigation into an ACT real estate scam where a Canberra property was sold by overseas fraudsters while the owner was living in South Africa. It is understood the Macgregor property owner recently discovered the house had been sold about four months earlier after contacting her property manager to query why she was not receiving rental payments. ACT Police has taken control of the investigation after consulting with police in South Africa to establish how the woman – who lives in South Africa – was defrauded.
More information available [here](#).
- 3** In Western Australia there have been two successful property sales and six attempts by fraudsters to exchange properties since 2010. Three people were arrested in South Africa this month after they attempted to sell a unit at Mandurah, south of Perth, worth \$250,000.
More information available [here](#).



This information came from the ACORN [website](#).

This article is brought to you by Peter Lynch, National Sales Manager, Real Estate, AON Risk Solutions

CYBER RISK IN THE REAL ESTATE INDUSTRY



Cyber attackers are now targeting small business and real estate agencies are emerging as a prime target of this crime.

A typical agency holds high quantities of sensitive data and most feel they aren't targets of such crime. Real Estate agencies hold payment details of their clients, engage with a large network of vendors, store high quantities of personally identifiable data and have a greater tendency to operate on mobile devices and store data in the cloud. All this amplified by the recent amendments to the Privacy Act which increases accountability and fines in the event of a breach.

WA agency has \$50,000 redirected from their Trust Account by hackers using malicious software

It was confirmed in 2014 by WA Consumer Protection that fraudsters gained access to a Real Estate agency's computer system after a compromised email allowed malicious software to be installed. The bank account details of one of the agency's clients were re-directed to another account and then changed back in the hope the transactions would be missed. The criminals in this case walked away with \$50,000 without even having to leave their desk.

This attack was just one of three recent Real Estate attacks driving a reaction from a risk management perspective.

Five simple tips to minimising your cyber risk

- 1 Speak to your bank and financial institution.** Ask what measures they take to prevent a cyber-attack and who is liable in a breach and what is covered. Banks and financial institutions can also provide practical advice on ensuring your money is adequately protected.
- 2 Review your software and network protection.** Think before you click. Attachments loaded with malicious software can steal online banking credentials from your computer. Be cautious about opening any attachment, clicking on links, or downloading files from an email. Confirm that your security software is active and current. At a minimum, your computer should have antivirus and antispyware software and an active firewall.
- 3 Purchase or review your insurance.** A common misconception is that a cyber-attack or data breach is covered in existing property or PI policies. This is not always the case. Review your current policy wording and speak to your broker to ensure you aren't left exposed.

- 4 Protect yourself from threats in your physical environment.** Attacks are not just limited to online and your network, but also your physical environment. Ensuring files cabinets and draws are locked, private documents are shredded, utilising ensuring your security bins and ensuring your computers have password protected are some basic way you can ensure your sensitive data isn't breached.
- 5 Ensure you are compliant with the Privacy Act.** Become familiar with the Privacy Act and its 2014 recent amendments. It is important to ensure you are compliant to avoid fines and penalties. Communicating your company's privacy policy to your clients gives them piece of mind and demonstrates your agency is administering best practice with their private information.

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*Offer available until 31 December 2015 and only open to new customers. Quote and buy online not available for Queensland businesses. Other offers available over the phone.

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A RECORD YEAR FOR SALES



Despite the drop-off in the last two quarters of this past financial year a record amount of \$1.94 billion dollars in sales took place across the Northern Territory. That is up 3 per cent on the previous financial year with unit/townhouse sales up by 12 per cent but houses down by 4 per cent.

2014-15 produced 113 more sales than the previous year with the bulk of these in the unit market. Sales volume was up 4 per cent on the previous year. It is not expected that the calendar year sales for 2015 will be as strong, but it shows that while there has been a correction in the market it still remains a robust property market in the Territory.

Turning to this quarter's data, the biggest impacts appear in the rental market with both vacancy rates rising in most areas and rents, for much of the Territory, taking a slight dip again.

Overall rent in Darwin showed a slight rise in the house market by 2.3 per cent but two bedroom units were attracting 4.3 per cent less rental than the previous quarter. However, overall rents are around 7 per cent lower than at the same time last year.

The largest drop in rents was in Palmerston with two bedroom room units attracting 9.1 per cent less rent in the last quarter and 13.6 per cent less than the previous year, and three bedroom houses dropped in rent by 5.5 per cent for the quarter which is 11.7 per cent lower than the past year.

The one area that bucked the trend on declining rents for this quarter was

three bedroom units in Darwin city. They rose in rent by 4.3 per cent for the quarter, but still remain 16.5 per cent lower than at the same time a year ago.

Alice Springs rent attraction was fairly steady with just a small drop for the quarter but they remain 5 per cent lower than the previous year.

Vacancy rates in Darwin have drifted out to 6.9 percent this quarter. That is fairly steady against the last quarter but is 2.5 per cent higher than this time last year. In Palmerston the vacancy rates for units/ townhouses are quite bit higher. They rose a further 2.4 per cent this quarter which is up 6.5 per cent from this time last year. Overall the vacancy rates in Palmerston moved up less than 1 per cent but that is still 4.5 per cent higher than the previous year.

Alice Springs saw an easing in the house vacancy rates, coming back by 2 per cent, but the unit/townhouse vacancy rate continued to climb.

Median house prices in Darwin were down by 2.4 per cent for the quarter to \$610,000. Again this quarter the bulk of the sales remained above the \$600,000 mark with only 27 sales below \$450,000. This tended to provide a higher median. Palmerston's median house price dropped by a further 4.4 per cent for the quarter to \$540,000. That's now 8.5 per cent lower than this time last year.

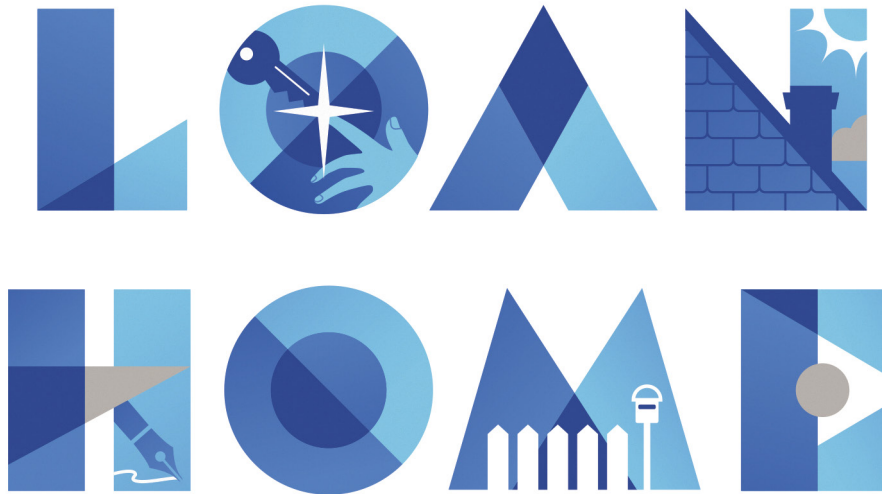
In fact the median house price was down in every jurisdiction except Katherine and

Alice Springs. While Alice Springs saw a rise in the median house price of 6.1 per cent this quarter that was coupled with a very large fall in sales volumes of 28.4 per cent for the quarter, putting sales volumes at 27 per cent lower than this time last year. Alice Springs recorded a median house price of \$470,750, however like Darwin this is mainly due to the bulk of the sales being in a higher price bracket and the reason for this is as the departure from the market place of first home buyers who would normally make up the bulk of buyers at the lower end of the market.

In the unit/townhouse market the median price dropped in Darwin by 4 per cent to \$480,000. The unit median rose by 2.3 per cent in Palmerston buoyed by new developments, and in Alice Springs the unit median was up by 10.6 per cent for the quarter.

Current projections look toward a fairly static market for the remainder of this year. Sales are occurring in a timely fashion, provided the vendor is willing to meet current market expectations. Equally most firms are reporting a slow but steady rental uptake, but again at a lower price point. A lot will depend in 2015-16 on economic drivers from the NT Government. We are told of a number of large projects 'coming to town' but as yet the majority of these are shrouded in commercial confidentiality, so we're unsure of the timing or the nature of these projects and therefore how they may impact on the housing market. So for now, we soldier on.

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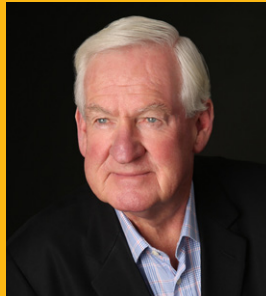


AdelaideBank

It's personal.

This article is brought to you by REIACT
Chief Executive Officer, Ron Bell

REIACT AND THE MR FLUFFY SAGA



REIACT has had to take a significant role following the ACT government's decision to buy back over 1000 homes affected by loose filled asbestos called amosite. This asbestos was used as insulation in the late 60's and 70's.

With the threat of fines in excess of \$1M against real estate agents who fail to disclose the presence of loose asbestos. REIACT held forums and significantly ramped up every form of communication to ensure the Principals of all agencies clearly understood their responsibilities.

REIACT's CEO Ron Bell, was appointed by the Chief Minister to the Community Expert Reference Group and has continued to play a major role to assist the government's Asbestos Response Taskforce and those affected by the loss of their home.

During April 2015, REIACT was requested by the Asbestos Response Taskforce to form a group to advise Mr Fluffy owners on the process of buying a new home

REIACT chose a team of experienced real estate principals as many fluffy owners were elderly and in many cases had not purchased a home for at least 40 to 60 years. Further, many simply did not want to leave their family home of many years.

Since that time the REIACT Group has answered many calls and seen over 30 individuals or couples

seeking advice. We have also accompanied some to auctions and assisted by bidding on their behalf.

As time marches on and the demolition process begins in earnest, the REIACT office and Advisory Group remain ready to assist in whatever way gives comfort to the many affected homeowners and neighbours worried about their home, their neighbours and close community.

NOTE: The cost of the "buy back" program including eradication and demolition as well as all the necessary activity surrounding such a scheme will exceed \$1B. A huge cost on a community of only 380,000 people. Re-sales of safe land might return \$500M.

ACT key statistics:

- 1022 affected properties
- 1014 participating in the program
- 976 offers made
- 879 offers accepted
- 649 affected properties purchased
- 418 stamp duty concessions claimed
- 675 relocation assistance grants paid
- 5 properties demolished.

Last updated 3 August 2015.

More information available [here](#).

NSW ASBESTOS UPDATE

Loose-fill asbestos insulation in NSW residential properties

As at 28 July 2015, 72 premises have been identified as containing loose-fill asbestos. Three further properties have been demolished.

Fifty-seven properties were identified via a search of historical records by the Heads of Asbestos Coordination Authorities. Fifteen additional properties were identified during the investigation's free ceiling insulation testing program.

The NSW Government acknowledges that demolition, comprehensive site remediation and appropriate disposal is the only way to remove the enduring health risk of loose fill asbestos insulation from an affected premises.

A guide for real estate agency principals, their agents, property managers, strata managers and auctioneers.

There are a number of obligations imposed on real estate agents by law in relation to asbestos located in the properties agents are engaged to sell or manage. These obligations include:

- a duty of care to the client and workers engaged to carry out work on the property
- a commitment to act honestly, fairly and professionally
- a responsibility to disclose certain matters to prospective buyers and tenants.

More information available [here](#).

This article is brought to you by
David Bannerman, Bannermans Lawyers



FIRE SAFETY IN STRATA MANAGEMENT



A recent case emphasises the importance of promptly and effectively addressing fire safety issues in strata buildings. The case concerns a coronial inquest into a tragic fire in a residential strata building in Bankstown Sydney, which claimed the life of a young woman, who jumped to her death from a balcony to escape the fire.

Claims have been made that, over a period of years, NSW Fire and Rescue and Bankstown Council had identified a number of safety issues, including inadequate hydrant water pressure, exits doors, exit signage, fire extinguishers and other fire safety equipment. However, despite repeated letters and orders, they were unable to get these issues addressed. Further, it has also been claimed that the strata managing agent, who had known of these issues for years, had not passed this information on to the owners corporation or its executive committee. The strata manager claims to have raised these matters informally with the executive committee and to have been working towards a solution, but was hampered by limited record of this in executive committee minutes.

The situation is catastrophic for all concerned:

- A young woman has died.
- Another was seriously injured.
- Apartment owners have had apartments destroyed or damaged.
- Occupants have lost their homes.
- The owners corporation faces a massive repair bill, which may or may not be fully insured.
- The strata managing agent and others have had to face a coronial enquiry.
- The strata managing agent, owners corporation and apartment owners can expect extensive litigation.
- Prosecutions and even criminal charges are possible.

This illustrates how these situations should and should not be addressed. Lessons to be learned include:

- Strata managers need to advise owners corporations of all substantial matters relating to the strata scheme. They also need to keep a proper record, to enable them to prove later that they did so.
- Fire safety issues need to be addressed promptly and effectively. Safety is important in its own right, but this will also likely prove less expensive in the longer term.
- “Band aid” or temporary measures are inadvisable and likely to result in more expense in the longer term.

This article is brought to you by
REIA Manager Policy, Jock Kreitals*
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CHANGES TO FOREIGN INVESTMENT: HOW TO ASSIST FOREIGN PURCHASERS



The Australian Government is taking action to strengthen the integrity of the foreign investment framework. Foreign investment is integral to Australia's economy and we welcome all investment that is not contrary to our national interest.

Recently, there have been changes to the rules that affect foreign investors who are seeking to purchase property and those who already own property in Australia. The Australian Taxation Office (ATO) and Treasury will administer the new framework together, with the transfer of all residential real estate functions to the ATO from 1 December 2015.

Real estate agents can help their foreign investor clients by advising them of the new rules.

Residential real estate

- 1 Foreign investors must obtain approval from the Foreign Investment Review Board before purchasing their property. If they do not, penalties may apply. Remind your foreign investor clients who already hold residential real estate to check whether they have the necessary approval. If they did not obtain approval before purchase, or are not sure, they should come forward before 1 December 2015. During this reduced penalty period cases will not be referred for prosecution although divestment orders may still apply.
- 2 From 1 December 2015, new criminal and civil penalties will apply to foreign investors who do not have approval before purchasing residential real estate or who hold property in breach of the foreign investment rules. Advise your clients of this before they purchase.
- 3 Also, from 1 December 2015, the ATO will commence collecting fees from foreign investors when they lodge an application for approval to purchase all Australian property. Advise your clients that the fee will be collected during the application process. Further information on applicable fees is available at firb.gov.au
- 4 A register of foreign residential real estate holdings will commence from 1 July 2016.

Agricultural land registrations

There will be increased scrutiny of foreign investment in Australian agricultural land, with new application screening thresholds. There will also be increased transparency on the levels of foreign ownership through the compilation of an agricultural land register.

- 1 From 1 July 2015, foreign investors in agricultural land can start registering their holdings with the ATO. It's easy to register; the forms are on ato.gov.au/aglandregister
- 2 Foreign investors have until 31 December 2015 to notify the ATO of their existing agricultural land interests.
- 3 From 1 January 2016, foreign investors who have failed to register

» *article continues*

CHANGES TO FOREIGN INVESTMENT: HOW TO ASSIST FOREIGN PURCHASERS

» *continued*

their existing holdings or any changes may be identified in the ATO's on-going compliance activities and penalties will be imposed.

- 4 If your foreign investor clients sell their existing agricultural land holdings or buy new ones, they should register the changes within 30 days.

Compliance activities

The ATO is now responsible for foreign investment in residential real estate compliance action and draws on its data matching and investigative capability. To date, 50 officers are conducting over 462 investigations to check:

- compliance with foreign investment rules, tax laws and other regulations
- self-disclosures
- reports from concerned citizens.

New Foreign Investment Working Group formed

A special purpose, limited-life ATO consultation group of relevant stakeholders, including the REIA, has been formed to provide the ATO feedback on the administration of the changes. The Foreign Investment Reforms Working Group first met on 23 July 2015 to consider various topics related to the foreign investment reforms, including:

- current ATO compliance activities
- the development of the agricultural land register
- enhanced data reporting, which includes land dealings
- the reduced penalty period.

SEE ALSO:

- ato.gov.au/Aglandregister
- ato.gov.au/rpp
- firb.gov.au
- [Statement: Further divestment of illegally owned property](#), by the Treasurer, Joe Hockey

INNOVATION IN PROPERTY MANAGEMENT

This article is brought to you by Distinct Property Management, Brooke Scullin



"INNOVATION DISTINGUISHES BETWEEN A LEADER AND A FOLLOWER"

STEVE JOBS

Most have heard the saying innovate or die, and this is truer now than it has ever been. The age of digital interruption is seeing long-standing business models challenged and those taking a fresh new approach are being rewarded.

No market is sacred. The humble taxi is being challenged by Uber, hotels by AirBNB, recruitment industry by LinkedIn. It is only a matter of time before there is a significant digital interruption in the Real Estate market.

Roy Morgan Research recently published their annual Australian Image of Professions survey for 2015. Out of a list of 30 professions, Real Estate Agents were identified as the third least trusted profession in Australia, drawing equal with advertising people and just ahead of car salesmen¹. MP's and Union leaders came in at 23rd, well ahead of Real Estate Agents.

Distinct Property Management's innovation centers around one simple premise, "trust".

Real Estate Agents singular focus over the past 100 years has been to act as the intermediary between buyers and sellers, tenants and owners. While the rest of the world has been connecting people through social media our

industry has done our best to try to keep our clients apart. This approach introduces a lack of accountability, a lack of true transparency and under these circumstances trust is very difficult to achieve.

Distinct developed a cloud based online solution that was entirely focused on making everything transparent to owners and tenants. It wasn't about providing owners access to their accounts online, it was about connecting owners to their property, property manager and tenants. Owners can see everything their property managers sees in real time and receive notifications regarding activity on the file. Owners and tenants can now contact each other directly through the Distinct online system (without sharing their personal details).

An unintended consequence of this, and perhaps the best innovation of all, is that owners and tenants have commenced self-servicing.

A great example is a tenant raises a maintenance request on a Friday night after hours, the owner is notified by SMS and coordinates their own tradie to attend over the weekend. We get into work on Monday and the job is resolved. We make a quick follow up call to ensure everything is sorted, pay the account and close the job.

Simple requests from tenants no longer require a Property Manager to be engaged, they can message the owners and get a response directly. A concern we had in implementing this solution was potential for abuse between tenants and owners so we included a setting that allowed direct communication to be turned off. In three years of trading and with 350 properties under management we haven't had to use this function yet.

Innovate or die, perhaps. Be untrusted and you will spend most of your time trying to convince people you are doing the right thing. When people trust you, they know you are doing the right thing and they will work with you in partnership to achieve great outcomes.

» *Distinct Property Management is a family owned agency that has been operating in Canberra and surrounds since 2012. Distinct is a residential rentals only agency. Distinct won the 2015 REIA Innovation Award.*

¹ <http://www.roymorgan.com/findings/6188-roy-morgan-image-of-professions-2015-201504280343>



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The Property Industry Fund



This article is brought to you by Chief Executive Officer of Estate Agents Co-operative Ltd, David Crombie

ESTATE AGENTS CO-OPERATIVE MEETS WITH MP VICTOR DOMINELLO



In June, Estate Agents Co-operative (EAC) was invited to meet with Minister for Innovation and Better Regulation, Victor Dominello. The Ministers portfolio includes NSW Fair Trading, Dale Whittaker (EAC Chairman), David Crombie (EAC CEO) & Geoff Hunter (Industry Liaison) accepted the invitation to discuss a number of topics, including Underquoting, Education standards, and Asbestos.

Minister Dominello announced a new range of underquoting guidelines in May, which were developed in consultation with the Estate Agents Co-operative and other stakeholders and are designed to provide agents with clarity over what constitutes underquoting and how it can be avoided.

At this time, Minister Dominello also announced that the Government would be seeking further legal powers in relation to underquoting. "We have also made a commitment to enhance legal protections against underquoting and we will be introducing legislation in the new Parliament," said the minister.

The proposed laws are expected to clarify what constitutes underquoting, expand the existing financial penalties and place more stringent record-keeping requirements on real estate agents.

During the meeting with the Minister, EAC raised the concern over entry level and licencing standards in NSW

as this is seen by the industry as a major contributor to the rising instance of underquoting and compliance problems generally. Member feedback to EAC has been that there has been a significant decline in the relevant standards that need to be achieved before agents are given their licence.

Minster Dominello agreed that standards have reduced and is actively working to ensure that they return to acceptable levels and will once again meet consumer expectations. He was also receptive to potentially requiring a minimum 1 to 2 year practical experience period be included in the licencing standards to ensure new licensees have the necessary experience before being able to open businesses.

Education standards have been a topic of much discussion with all states across Australia looking at the acceptable levels and standards for licencing.

EAC also spoke with the Minister about the issue of asbestos and its impact on

the industry. The Mr Fluffy asbestos issue, which has now affected over 70 homes in NSW, has brought to light a number of shortcomings in procedures, education and legislation.

After a meeting in January with NSW Fair Trading and Workcover a factsheet was produced to clearly outline to agents, property managers and consumers the steps that they need to take regarding Loose-Fill Insulation containing Asbestos in properties.

There are a number of obligations imposed on real estate agents by law in relation to Asbestos located in the properties agents are engaged to sell, lease or manage.

These obligations include:

- a duty of care to the client and workers engaged to carry out work on the property
- a commitment to act honestly, fairly and professionally
- a responsibility to disclose certain matters to prospective buyers and tenants.

» *article continues*

However, agents and property managers cannot be expected to make qualified assessment of whether asbestos is present in a property. This has brought to light the fact that agents and property managers are left exposed by their Professional Indemnity Insurance which does not cover the risks associated with asbestos related claims.

Asbestos risks are what the insurance industry commonly refers to as 'treaty exclusions'. This essentially means that the reinsurers, the people that insure the insurers, specifically exclude cover for asbestos, which prevents insurers from offering cover as part of their standard policy conditions. Currently in Australia, no Real Estate Professional Indemnity Insurer offers cover for claims arising out of asbestos risks in any way. This is a concern for agents who may be included in client actions as their policies will not respond to the legal defence and/or settlement costs they may incur to defend an action brought against them. As a result, this is a key issue for government to address, as it is neither equitable nor sustainable for the industry, or the public.

As pointed out to the Minister this issue becomes wider than just that of Loose-Fill Asbestos and Mr Fluffy. The need for tighter legislative framework

to cover agents is paramount. Further to this a best practice procedure is required for ongoing asbestos issues; this may involve mandatory asbestos reports on all properties that are offered for sale or lease. Mr Dominello has acknowledged the need to further investigate and clarify the duties and responsibilities of real estate agents and property owners. However, this type of legislative change is far reaching and stretches across many political portfolios.

Minister Dominello has invited Estate Agents Co-operative to join an industry based committee for ongoing communication and resolution to the many challenges facing our industry. "The protection and representation of NSW agents and property managers is of the utmost importance to EAC," said David Crombie, EAC CEO. "That is why it is so important that we work with NSW Government departments and Minister Dominello."

Estate Agents Co-operative has also been participating in the consultation meetings relating to the proposed reforms to the *Strata Titles Act 1973*. The reforms seek to bring strata laws up to date with more than 90 proposed reforms. NSW currently has over 75,000 strata schemes worth over \$350 billion in assets.

The proposed changes aim to:

- make it easier for owners corporations to manage issues like pets, parking and by-laws
- create a new democratic process for collective sale and renewal of strata schemes
- support the responsible management of schemes with new accountabilities for strata managing agents
- establish a new process to help ensure building defects are addressed early in the life of the building
- enable modern forms of communication (including new options for your strata scheme to keep and issue electronic records, issue email updates and attend meetings 'virtually') to allow greater participation in schemes.



REIA AT IRC CONFERENCE IN THE PHILIPPINES

This article is brought to you by
REIA Presidential Liaison to NAR,
Michael Wellsmore



REIA Presidential Liaison to NAR, Michael Wellsmore, attended the International Realtor Conference (IRC) in Manila (Philippines) on behalf of president Neville Sanders. The Conference was hosted by the Philippine Chamber of Real Estate Builders Association Inc (CREBA) with the National Association of Realtor (NAR) acting as a strategic partner and supporter of the conference. It is the first time an IRC event has been held outside of the USA.

The host organisation is unique in that it encompasses within its membership, realtors, builders, developers, engineers and other property professionals and is the NAR strategic partner in the Philippines. NAR sent a strong contingent from its current leadership team and corporate executives from the Chicago head office. Most of the NAR Presidential Liaisons to the Asian region were also in attendance to help support the conference.

The focus of many of the presentations and papers delivered were on the growing Asian market and the interest of the expanding middle class to invest in property, especially in the Asian region as well as US and Europe. Many of the local developers in the Philippines had people on to promote their product and seeking investors from the USA and elsewhere in Asia.

The Philippines economy is performing well with the call centre industry one of the fastest growing sectors. Providers offer services to developed western economies for both inbound and outbound calls. The property sector has responded by providing purpose built office and residential accommodation designed to suit this growing sector. The ultimate expression of "live work and play" is a new project being built in Makati City at the intersection of the new Metro Manila Skyway and the suburban rail network. The project will

provide office accommodation for some 4,000 call centre employees, accommodation for 1,000 with a major shopping centre to occupy the first three levels of the project.

The keynote speaker for the conference was his Excellency Fidel V Ramos who was Philippine President from 1992-1998. President Ramos is an enthusiastic 87 with a quick and wicked wit and is still well-loved and admired in the Philippines. After feigning confusion and disorientation, the ex-President produced a prepared speech from his sock, after which he promptly discarded it. He is credited with renewing international confidence in his country during his term as President and setting up the economic environment that helped weather both the Asian financial crisis and the GFC.

Other speakers included Bill Brown, NAR Vice President, who visited Australia in 2013 with then NAR President Gary Thomas. Bill headed the NAR team which included Mike McGrew the current NAR treasurer and Steve Brown the immediate past President of NAR. Janet Branton was the senior NAR executive in Manila. It certainly highlighted the NAR commitment to global relationships in the region.

One of the most anticipated commercial speakers was Simon Henry, the co-founder of Juwai.com, the largest property portal in China. Simon was an executive in the LJ Hooker head office in Australia for a time and describes himself as a "geek." However, he has an impressive understanding of real estate and what his Chinese client base are looking for.

Overall an interesting and worthwhile experience due to be held again in 2016 in Seoul, South Korea.



Michael Wellsmore, REIA Presidential Liaison to NAR with ex-President of the Philippines Fidel V. Ramos



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FIABCI-USA PRESENTS THE ASIA PACIFIC REAL ESTATE CONGRESS



FIABCI-USA, the International Real Estate Federation – U.S. Chapter will host more than 100 high level international delegates from twelve Pacific Rim countries in Honolulu, HI, from 10-12 September.

With the theme “Success across the Pacific – New Development Concepts”, the FIABCI Asia Pacific Real Estate Congress (APREC) will examine key issues for the real estate profession and the planet including the need to focus new real estate development around active transportation hubs. Expert panels will discuss smart, sustainable and profitable urban planning and environmentally friendly luxury resort development. APREC will culminate in the Asia Pacific Panorama where professionals from Australia, Indonesia, Korea, Japan, Malaysia, Singapore, Taiwan and the US will provide cross border investment market updates.

Steve Williams, Executive Managing Director of global data provider Real Capital Analytics (RCA), will deliver the Keynote Address in which he will explore the latest cross-border capital trends and provide a detailed, up-to-the-minute look at the sources and targets of AsiaPac’s real estate capital. “I am delighted to participate in FIABCI’s push for higher

levels of transparency and sustainability in this data- rich, post-recessionary era,” says Mr. Williams, adding that, “Each of these is an essential element for any market trying to capture a share of the increasingly savvy reservoir of today’s AsiaPac RE capital.”

Additional content will include the Transit Oriented Development Summit sponsored by Pacific Resource Partners and expert panels sponsored by Alain Pinel Realtors and D.R. Horton Home Builders that will include architects, attorneys, developers, government transportation officials as well as real estate brokers, valuers and managers.

Social highlights include the FIABCI-USA Grand Prix of Real Estate Awards dinner sponsored by The Wall Street Journal, networking lunches sponsored by Hard Rock Hotels and Leading Real Estate Companies of the World and the Signature International Reception co-hosted with the Hawaii International Real Estate Council. Delegates will also tour commercial and residential developments in Honolulu.

» *FIABCI-USA, the International Real Estate Federation – US Chapter provides access and opportunity for real estate professionals interested in gaining knowledge, sharing information and conducting international business. With members in 65 countries, including 100 Professional Associations, 65 Academic Institutions and 3,000 individual members from all professions of the real estate sector, FIABCI is the most representative organization of the real estate industry in the world and holds special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. For more information about FIABCI-USA use the contact above or visit www.fiabci-usa.com/*

» **Contact: Bill Endsley, Secretary General 202-809-1933 bill@fiabci-usa.com**

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INDUSTRY UPDATE

Industry news from around Australia



Statement on the Productivity Commission's Workplace Relations Framework Draft Report

"The Productivity Commission has outlined critical steps to move Australia's workplace relations framework towards the system needed to support jobs and productivity in a globally competitive world," Business Council of Australia Chief Executive Jennifer Westacott said.

"In its draft workplace relations inquiry report the commission has recommended sensible and practical changes to improve workplace agility which reflect the changing nature of the economy, workplaces and the nature of work and consumption," said Ms Westacott.

"The commission should be congratulated for recognising the current system is not working as it should, and for making recommendations aimed at achieving a better balance between the needs of businesses and workers that will ultimately serve the interests of both. Read full Press release [here](#)."

Communique for the Building Ministers' Forum

The Building Ministers' Forum met in Sydney to play an important role in progressing the Council of Australian Governments' deregulation agenda.

The Building Ministers' Forum endorsed a number of significant building regulation reforms that have the potential to unlock an additional \$1.1 billion in economic benefits per year to business and consumers.

The National Construction Code provides model regulation for buildings and plumbing, and is given effect through state and territory legislation. It sets the minimum necessary requirements for the design, construction and performance of buildings throughout Australia. Read full communique [here](#).

Broadband networks in apartment buildings

The Department of Communications is aware that building owners and managers are being approached by telecommunications carriers to install new equipment to provide very fast broadband services in their buildings. This information note is designed to assist building owners and managers to make informed decisions. It makes a key distinction between carriers, who provide network equipment and wholesale services, and retail service providers who provide retail services using a carriers' network. Read full fact sheet [here](#).

Fee increase alert for strata managers

Each year the schedule of fees for filing section 109 certificates and section 26 certificates is changed and this year is no exception. From 1 July, the charges for this documentation increased in line with CPI.

For those wishing to lodge an application for orders from NCAT, the fee is \$81 up from \$80 last year. A section 109 certificate under the Strata Services Management Act will now cost \$109 up from \$107 last year and a section 26 certificate under the Community Land Management Act is now \$94 and increase from \$92 last year. Read article [here](#).

MAKING NEWS

General national news



Suburbs with the least housing diversity

A list of capital city suburbs with the least diversity in median house prices has been compiled using quartiles data. The full list and explanation can be found [here](#).

Draft legislation released for comment (NSW)

The NSW Government is inviting the public to have their say on the re-making of the Conveyancers Licensing Regulation 2006. The current regulation will be repealed on 1 September 2015. NSW Fair Trading has released the draft Conveyancers Licensing Regulation 2015 for public comment. The draft and a summary of the changes can be found [here](#).

Reviewing the Residential Tenancies Act (VIC)

As part of their Fairer, Safer Housing initiative the Victorian Government is conducting a review of the *Residential Tenancies Act 1997*. There are three stages to the review. Stage 1 commenced on 24 June and with the release of the consultation paper 'Laying the Groundwork' and has now been completed. Stage 2 is due to start in late 2015. Full details can be found [here](#).

Proposed reforms to Strata Law (NSW)

The NSW Government is reforming the *Strata Titles Act 1973*. It is the government's intention to 'bring the strata laws into the 21st century' by establishing a modern framework for people living in strata schemes. There are approximately 75,000 strata schemes in NSW. The draft *Strata Schemes Development Bill 2015* and *Strata Schemes Management Bill 2015* outline the reforms proposed by the Government. Explanation of the proposed reforms can be found [here](#).

End of financial year audit responsibilities (VIC)

Consumer Affairs Victoria has announced that they will be increasing their compliance monitoring of conveyancers and real estate agents during 2015-16. Their inspections will cover all aspects of business operations including trust accounting, advertising and property management practices. More information is available [here](#).

Government intervenes to ensure homes are completed (SA)

The construction of 98 homes is no longer in limbo after the SA's consumer watchdog stepped in following allegations that a building company had issued false insurance certificates. Consumer and Business Services (CBS) became aware in February of allegations that building work contractor GNC Homes Pty Ltd had entered into contracts with nearly 200 homeowners without the required protection of Building Indemnity Insurance (BII). Business Services and Consumers Minister Gail Gago said CBS took action to assign the 98 unfinished building contracts to another licensed builder. Full press release can be found [here](#).

New arrangements come into effect under Residential Tenancies Act (NT)

As a result of Amendments to the Residential Tenancies ACT the jurisdiction formerly exercised by the Commissioner of Tenancies has been transferred to the Northern Territory Civil and Administrative Tribunal. Full details can be found [here](#).

POLITICAL WATCH

Information and news from government



Release of consultation paper 'Facilitating crowd-sourced equity funding and reducing compliance costs for small business'

Minister for Small Business has announced the release of the Abbott Government's consultation paper on extending crowd-sourced equity funding (CSEF) to proprietary companies. The paper also asks if there are unnecessary compliance costs and fundraising constraints under the Corporations Act for proprietary companies. The Consultation Paper can be found [here](#). And details of how to make a submission can be found [here](#).

Harper Review recommendations

According to the Minister for Small Business 'A key responsibility of Government is to ensure the right settings are in place to enable efficient businesses – big and small – to thrive and prosper, and that the contest to win customers is determined on merits not on pure financial muscle'. The current government commissioned Professor Ian Harper and his Panel to conduct a 'root and branch' review of the competition policy, laws and institutions – the first comprehensive examination in a generation. Read the full statement [here](#).

Claiming work-related car expenses has been simplified

The Treasurer announced in the 2015-16 Budget that the methods used for calculating work-related car expense deductions would be simplified and modernised. Currently, taxpayers have an option to use one of four methods to determine their work-related car expense deductions. The Government is reducing the number of methods by removing the '12 per cent of original value method' and the 'one-third of actual expenses method'. These methods have been used by fewer than 2 per cent of those who claim work-related car expenses. Read full details [here](#).

RBA leaves cash rate unchanged

The RBA announced that it will leave the cash rate unchanged at 2.0 per cent and said it is working with other regulators to assess and contain risks that may arise from the housing market. In his statement, Glenn Stevens said '... Credit is recording moderate growth overall, with growth in lending to the housing market broadly steady over recent months.' Read full statement [here](#).

NSW housing approvals up 10%

NSW Planning Minister Rob Stokes welcomed the latest Australian Bureau of Statistics figures showing housing approvals for June had jumped nearly 10 per cent compared with this time last year. Mr Stokes said almost 4,900 new dwellings were given the green light in June. This brings the total number of housing approvals for the last 12 months to 57,509, the third highest result in recorded history. Read the media release [here](#).

Grant funding for housing and homelessness services confirmed

NT Government has confirmed Grant funding for specialist housing and homelessness services and programs. A new National Partnership Agreement on Homelessness (NPAH) with the Commonwealth Government for 2015-17 has been signed, providing over \$21 million over two years (\$5.32 million contributed by the Commonwealth and \$5.32 million by the NTG per year) to non-government organisations. More information can be found [here](#).

THE WORLD

Property news from around the world



Landlord tax-relief slashed to discourage Britain's buy-to-let frenzy

A radical change is ahead for UK landlords. Tax reliefs favouring UK landlords have led to a steep increase in investment in buy-to-let properties in the UK, and have contributed to inflating property prices and rents, making housing increasingly unaffordable.

Landlords are currently able to claim tax reliefs worth 40 per cent or 45 per cent of interest payments on buy-to-let mortgages. However under new rules, from April 2017, they will be able to claim maximum tax relief of only 20 per cent of the interest payment. The change will be unfolded over the next four years. Read full story [here](#).

Indonesia to allow foreigners to buy luxury apartments

The Indonesian government is planning to give foreigners the right to own and trade apartments in Indonesia, under a new law likely to be introduced by year-end, Land Affairs and Spatial Planning Minister Ferry Mursyidan Baldan said recently. Foreigners are currently barred from directly obtaining properties in Indonesia. Under the new law, foreign investments in apartments that cost at least Rp 5 billion (US\$186,000) will be legitimate under the "right-to-use" category, though not under the "right-to-own" category, which is reserved to Indonesians.

The government also aims to pocket luxury tax by legitimating these investments. There are reports that foreigners are buying properties through proxies in large numbers, avoiding paying taxes. Read full story [here](#).

Bargain hunters looking for properties on Greek islands may be disappointed

The Greek stock market may have hit rock bottom, but prominent Greek real estate brokers report a surge in enquiries for homes on the Greek islands. The agents say that most enquiries are from Europe and Middle East Asia. Many foreign buyers are eyeing vacation villas on the world famous islands of Mykonos and Santorini, as well as Port Heli, in hopes that their prices will plummet.

Property prices in Greece have fallen 40 per cent since 2007, according to Bank of Greece. Property prices on the island of Mykonos went down 30 per cent before stabilising last year. The island saw a brief spell of recovery in prices in 2014. Read full story [here](#).

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