REIANEWS

ISSUE 56: MAY 2016

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Mr Neville Sanders
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the May edition of REIA News, hot on the heels of the Government's Federal Budget announcements for 2016-17.

The article by Jock Kreitals, Acting CEO of REIA, provides details and commentary on the Budget.

It is pleasing that the Budget has recognised that the housing and construction sector have a continuing role to play as the Australian economy transitions away from a decade long reliance on mining for growth.

Investment in dwellings is forecast to grow at 8% in 2016-17 and peak in 2017-18 with a record number of completions.

The announced infrastructure spending, the extension of small business concessions, modest tax cuts and the retention of the current arrangements for taxation of property investments will help ensure that the property sector remains an important driver of economic growth.

We are particularly pleased that the Treasurer in his Budget Speech reiterated that the Government will not remove or limit negative gearing or change the capital gains tax as the REIA has lobbied hard for this in the face of what can only be described as ill considered myths about their impact. The Treasurer acknowledged that changing these arrangements would increase the tax burden on Australians trying to provide a future for their families. The current arrangements increase the supply of housing for our growing population, keep rents affordable and ease the burden on social housing.

With Budget forecasts of moderate growth, an improvement in the unemployment rate, inflation well within the RBA's target zone, and this week's interest rate cut to a record low the Budget is good news for home owners and prospective buyers. Already commentators are saying that the levers for real estate have moved and will support further growth in both housing and commercial property.

With the Federal Election expected to be announced shortly next month's REIA News will focus on that.

Mr Neville Sanders

REIA PRESIDENT

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This article is brought to you by REIA Acting Chief Executive Officer Jock Kreitals
Jock can be contacted at jock.kreitals@reia.com.au

BUDGET 2016-2017 OVERVIEW

There was much speculation surrounding this year's Budget as it was in the most unusual circumstance of preceding a Federal Election when there is a tendency to be expansive but the budgetary circumstances required restraint.

The Government has delivered a responsible budget that reflects the reality of the fiscal and economic situation without the sweeteners you would expect pre election. Funding has been directed to those measures which will have an impact on workforce participation and encourage growth.

	2015-16	2016-17	2017-18
Underlying cash balance ($b)	-40	-37	-26
% of GDP	-2.2	-1.4	-0.8
GDP growth (%)	2.5	2.5	3.0
Unemployment rate (%)	5.75	5.5	5.5
Consumer Price Index (%)	1.25	2.0	2.25
Private investment, dwellings (%)	8.0	2.0	1.0

Budget 2016-17 Overview

The Government describes this as an economic plan rather than a Budget.

Across the four years of the forward estimates there will be a reduction in the size of the deficit from $40.0 bn in 2015-16 to $ 6.0 billion in 2019-20.

Real GDP growth for 2016-17 is forecast at 2.5%, up from 2.2% for the current financial year and unemployment is forecast to decline to 5.75% from 6.1% for 2015-16.

Main Budget points

- From 1 July the upper limit of the middle income tax bracket will increase from $80,000 to $87,000.
- Increased tax avoidance measures especially of multinationals.
- Reduction in superannuation concessions.
- A $1.1 bn National Innovation and Science Agenda.
- Infrastructure investment in roads, rail, airports and dams of $50bn – much of this has been previously announced.
- An $840m Youth Employment Package targeted at vulnerable young people to secure jobs.

» *article continues*

Housing

- No changes to negative gearing or CGT as announced at the end of April reiterated in Budget.
- No other housing measures including for first home buyers or housing affordability in general.

Business

- Small to medium business is a big winner from this Budget.
- From 1 July 2016 the small business tax rate will be lowered to 27.5 % and the turnover threshold increased to $10 million.
- The unincorporated small business tax discount is increased to 8% and the threshold increased from a turnover of $2m to less than $5m.
- From 1 July the instant write off for equipment purchases of up to $20,000 that is to expire on 30 June 2017 will be available to businesses with a turnover of less than $10m.
- The turnover threshold for access to the lower tax rate of 27.5% will continue to be increased. From $10m to $25m in 30 June 2017 and to $50m in 2018-19 and $100m in 2019-20.

Training and Education

- Funding under the Industry Skills Fund will be cut by $247m or more than half over five years or around $50m per annum through "improved efficiencies". Funding of $207m over five years will continue.

Superannuation

- Less generous treatment of superannuation
  - Introduction of a transfer balance cut of $1.6m on amounts moving into the tax free retirement phase from 1 July 2017
  - from 1 July 2017 extending the 30 % tax on contributions to those earning over $250,00 compared to the current threshold of $300,000
  - Reducing the annual cap on concessional superannuation contributions to $25,000 from 1 July 2017
  - From 3 May 2016 establishing a lifetime non-concessional contributions cap of $500,000.

Commentary

The overall economic impact of the Budget will be slightly expansionary with modest cuts to personal income taxes, a boost to small to medium businesses and infrastructure spending.

With forecasts of moderate growth, a slight decrease in unemployment and inflation well within the RBA's target zone, the Budget should continue to have a benign impact on interest rates.

Changes to superannuation arrangements when combined with a low interest rate outlook and maintenance of current taxation arrangements for property investment will provide a boost in demand for property.

The boost to infrastructure spending, the extension of small business concessions, modest tax cuts and the retention of the current arrangements for taxation of property investments will help ensure that the property sector remains an important driver of economic growth.

Some disappointment that with home ownership in Australia declining and first home buyers finding it increasing difficult to enter the housing market, that the Budget has not specifically addressed the problem.

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BUDGET 2016-2017 WHAT THE POLLIES ARE SAYING

There were a plethora of media releases and press conferences by politicians – here is a small sample of what was being said.

Liberal Party

The Hon Scott Morrison MP, Treasurer

The Budget is an economic plan; it's not just another Budget.

Australians know that our future depends on how well we continue to grow and shape our economy as we transition from the unprecedented mining investment boom to a strong, more diverse, new economy.

They know that their future, their jobs and those of their children and grandchildren depend on it. This is a very sensitive time.

Australians have clearly said we must have an economic plan to make this economic transition a success.

This economic plan is the foundation on which we can build a brighter, more secure future, in a stronger, new economy with more jobs.

This Budget delivers our economic plan in three key ways.

First, by sticking to our plan for jobs and growth.

Second, by fixing specific problems in our tax system so we can sustainably cover the Government's responsibilities for the next generation, and

Third, by continuing to ensure the Government lives within its means, to balance the Budget and reduce the burden of long term debt.

For more detail on the Federal Budget 2016-2017 click here.

Australian Labor Party

The Hon Bill Shorten MP, Leader of the Opposition

After seven months of waiting …

After months of ruling-in and ruling-out, after all that one and off the table …

After apprehension … and great expectations …

This Budget has fallen apart in 48 hours.

This Budget was meant to be Malcolm Turnbull's justification for rolling Tony Abbott.

After Tuesday night Australians are left to wonder why he bothered.

- The same $80 billion of cuts to schools and hospitals – still in this Budget
- The same cuts to working and middle class families – still in this Budget
- The same cuts to Medicare, to childcare, to aged care, to paid parental leave, to pensions and carers – still in this Budget.

» *article continues*

The same wrong priorities for Australia.

Was this really the point of the Turnbull experiment?

Tax cuts for high income earners – and nothing for families.

Not one cent for ordinary working families and working Australians.

From Tony's Tradies to Malcolm's Millionaires – this is a Budget for big business over the battlers.

This Budget fails the test of fiscal responsibility too.

Having banged the drum of 'budget emergencies' for so long.

Despite all their cuts and broken promises – in the past three years, the Liberals have tripled the deficit.

They are collecting more tax than any time since John Howard's last year in office and yet they've added $100 billion to Australia's national debt.

And at a time of falling incomes, flat wages and declining living standards … this Budget promises few jobs and lower growth.

Now more than ever, we must be honest about what our Budget can truly afford. We must maintain the triple-A credit rating that Labor worked so hard to secure. This is why my team and I are treating the Australian people with respect.

Straight about our plans. We are making the hard choices to fully-fund our investment in Australia's future. To turn around these Liberal deficits and deliver Budget repair that is fare.

To read the full Labor Party Budget-in-Reply speech click here.

The Greens

Dr Richard Di Natale,
Australian Greens Leader

This budget – Malcolm Turnbull's and Scott Morrison's first – is a massive letdown for the people of Australia.

Just as they have been let down by Malcolm Turnbull as Prime Minister, the people of Australia have been let down by this Budget.

This is a Budget that does not properly address the fact that we have a revenue problem, a problem brought to us by Howard and Costello when they wasted the rivers of gold from the resources boom through round after round of tax cuts.

This is a Budget that hands out corporate tax breaks while locking in cuts to hospitals.

This is a Budget that hands over money to the highest income earners, but cuts support for the most vulnerable families.

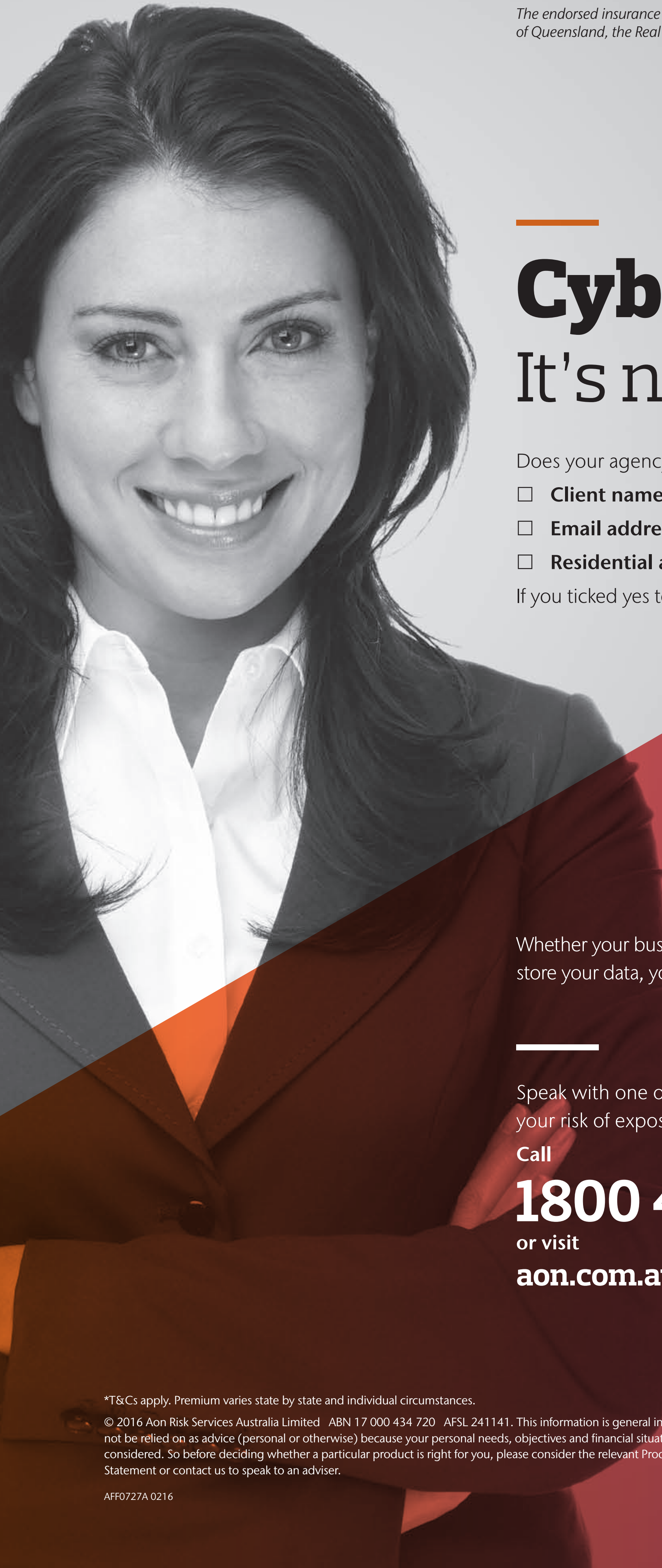
This is a Budget that spends billons harming people by locking them up on Nauru and Manus Island.

And this is a Budget that continues to subsidise fossil fuels but rips funding away form clean energy.

And this is a Treasurer who cannot even mouth the words 'global warming' – the greatest economic and environmental challenge of our times.

The promise of Malcolm Turnbull's leadership was change, an antidote to the toxic negativity of Tony Abbott, but all we got from the government was a beige version of a Tony Abbott Budget.

To read the full Greens Budget-In-Reply speech click here.



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BUDGET 2016-2017 WHAT OTHERS SAID ABOUT THE BUDGET

A summary of some of the early responses to the Federal Budget

Australian Industry Group

Overall this is a measured budget that balances fiscal responsibility and a path to budgetary sustainability, with important measures to boost businesses competitiveness and reduce our high corporate tax burden; to continue efforts to make our education and training system more effective; to invest further in transport infrastructure and to improve job outcomes for young people," Australian Industry Group Chief Executive, Innes Willox said today.

"In an important boost to the capacity of businesses to invest and create jobs, the Budget sets a gradual path to restore the competitiveness of Australia's company tax system. While the two-tiered company tax system will continue for a number of years and it will be a decade before the company tax rate will reach 25%, many small to medium-sized businesses will see more immediate benefits and face improved incentives to invest. The clear risk involved in such a gradual phase down is that the international competitiveness benchmark could well be closer to 20% by 2026-27.

"Extending eligibility to small business tax measures to companies with turnovers of up to $10 million a year will provide a shot in the arm for up to 60,000 small to medium-sized businesses and for the economy from 1 July this year. In addition, small businesses operating as companies and many unincorporated businesses will also enjoy tax relief. These measures, as well as the rise in the $80,000 personal tax threshold to $87,000 is a timely boost to the economy and will underwrite improved living standards.

For the full press release click here.

Business Council of Australia

"The 2016-17 Federal Budget is a solid, responsible budget that balances holding the line on spending growth with new initiatives to improve the nation's economic growth prospects," Business Council Chief Executive Jennifer Westacott said.

"The Budget had two big tasks this year – stay on course to a credible structural surplus, while equipping the economy with the means for faster growth to support long-term jobs and prosperity. On these two measures, tonight's Budget is heading in the right direction," Ms Westacott said.

"A Budget which is fiscally responsible as well as supporting growth is a Budget which can deliver on fairness and our future success as a nation – it means more jobs and high national incomes, and more revenue to pay for health, education and welfare services".

For the full press release click here.

Council of Small Business Australia

The 2016-17 Budget continues the good news for small business that came from the 2015-16 Budget and from other key decisions made between time.

Well done to the Treasurer Scott Morrison and the Small Business Minister and Assistant Treasurer Kelly O'Dwyer, the economy is now in a better position to deal with and take advantage of change.

The big ticket item is that the threshold for determining what is a small business has been raised to $10m. This creates a change immediately for government support actions around tax breaks, instant tax write offs and other initiatives. This gives more businesses access to the $20,000 instant tax write off announced in last year's Budget. There is also another tax decrease for these businesses. This means that tax has decreased 2.5% in two years. A good message to send

» *article continues*

WHAT OTHERS SAID ABOUT THE BUDGET

» continued

to businesses who want to grow and employ, or start to export and take advantage of the global economy.

For the full press release click here.

Housing Industry Association

Home buyers and the housing industry will benefit from the steady path that the Budget has plotted for the economy and our cities according to HIA, the voice of the residential building industry.

Graham Wolfe, HIA's Chief Executive for Industry Policy said "the Budget measures reflect a measured path to Budget recovery that should add to the confidence that the home building industry and its customers need to make home building and renovating decisions.

"When combined with the decision taken today to lower the Official Cash Rate, which have already started to flow through to housing interest rates, the Budget will help maintain the residential building industry's capacity to make a significant contribution to employment and economic activity.

For the full press release click here.

Property Council of Australia

The 2016-17 Budget forecasts for growth and jobs depend on continued strong performance by the construction sector says the Property Council of Australia.

"This Budget confirms that the continued strong performance of the property industry is vital if the Australian economy is to keep delivering jobs and growth," said Ken Morrison, Chief Executive of the Property Council of Australia.

"There is good news in this Budget for the industry – record infrastructure investment continues, there is certainty over property taxation and business stimulus measures are provided.

"The current negative gearing and capital gains tax arrangements are vital if our industry is to continue to deliver strong growth."

For the full press release click here.

Urban Development Institute of Australia

The Urban Development Institute of Australia (UDIA) welcomes the Budget, acknowledging that the government has paved the way for an election campaign to be fought on infrastructure investment that boosts the productive capacity of our economy.

"Infrastructure spending underpins growth and it also makes our cities more liveable, affordable and connected. The government's announcements are both visionary and tangible," UDIA National President Michael Corcoran said.

"Tonight's record $50 billion commitment to infrastructure investment, between 2013-14 to 2019-20, is great news for the community, the economy, employment and our industry. It draws a marker for the coming election campaign," Mr Corcoran said.

"With the Reserve Bank lowering interest rates by 0.25 percentage points, to a record-low 1.75 per cent, and interest rates at record lows around the world, there is potential for the government to invest even more heavily in the infrastructure our cities need to grow and be productive. It is also positive to see that the majority of the banks have passed on the RBA cut in full to their mortgage customers", Mr Corcoran said.

The UDIA welcomes the government's reaffirmation of its policy to not change the negative gearing and capital gains tax regimes, given the positive contribution that these policy settings provide to stimulating housing investment and rental housing supply.

For the full press release click here.

REIACT INDUCTS TWO NEW LIFE FELLOWS

At the Real Estate Institute of the Australian Capital Territory AGM held recently, the REIACT President announced the induction of two new Life Fellows.


L-R: Craig Bright and Stan Platis

Life Fellow and immediate past President Michael Kumm presented Craig Bright of Bright Partners and Stan Platis of the Independent Property Group with their Life Fellow Certificates.

Both Craig and Stan were recognised for their substantial contribution to the REIACT Board. Craig first became a Board member in 1997, elected President in 1998 then serving as Vice President 2004-2005. Craig was the REIA Delegate from 2002-2005. In total Craig has served on the REIACT Board for a total of 15 years.

Stan's involvement in the REIACT started in 1999 with his election to the Board. During his 17 years' service, Stan served as REIACT President from 2002-2005 and has been the Deputy President since 2012. Stan has also represented the REIACT as REIA Delegate since 2006.

Both Craig and Stan have been instrumental in revitalizing the Institute over the past five years. Craig has worked tirelessly representing REIACT, be it changes to different Acts or meetings with Government to effect these changes. Stan has a unique ability to generate sponsorship for Institute to ensure the work done by the Institute for its members can continue. Stan has also worked tirelessly as the Chair of the Awards Committee delivering the REIACT Awards for Excellence.

This article is brought to you by
Mal Smith CEO, REI Super

CHANGES TO SUPERANNUATION TAX CONCESSIONS

Make no mistake, this was a *BIG* Budget for super.

As always with super, there will be some devil in the detail, and some changes will be subject to election outcome.

Many members will need advice and guidance, particularly those approaching retirement. REI Super provides a full range of financial advice services and we encourage you to contact us on **1300 13 44 33** with any questions.

The key Budget super measures summarised:

Effective immediately

- a lifetime non-concessional contributions cap of $500,000 going back to contributions made since 1 July 2007, scrapping the current arrangements where after tax contributions of up to $180,000 per annum could be made.

Effective 1 July 2017

- Introduction of a cap of $1.6 million on the amount of super that can be transferred tax-free into retirement phase.
- Increase from 15% to 30% in the tax rate on concessional super contributions for those earning over $250,000, down from $300,000.
- Reduction in the annual cap on concessional superannuation contributions from the current $30,000 (and $35,000 for aged 50+) to $25,000.
- Removal of the work test for those aged over 65, enabling concessional superannuation contributions regardless of employment status.
- Removal of the tax free status of income from Transition to Retirement Income Streams with the introduction of a 15% income tax on earnings.
- Catch up contributions for superannuation balances of less than $500,000 where concession caps from previous years were not reached, enabling people to make contributions in arrears instead of having to use the maximum cap every year.

Status quo

- The Low Income Superannuation Tax Offset of $500 for those on incomes less than $37,000 replaces the Low Income Super Contribution with no change to the concession amount.

With two thirds of REI Super's members being women, we welcome the retention of the offset that ensures that people on under $37,000 – many of whom are women working part time – are not penalised by paying more tax on their super than on their take home pay.

Many of our members will benefit from the removal of the work test, which is also welcomed.

Reducing the attractiveness of Transition to Retirement Income streams will have an impact on those contemplating such an arrangement, and you will need financial advice if this applies to you.

We have some concerns that those over age 50 making concessional contributions into their super will see a $10,000 reduction in the concessional contributions cap to $25,000. It must be remembered that this cap includes Super Guarantee payments.

Overall, the Budget appears designed to engineer intergenerational transfer of wealth out of superannuation and into property – as there are no corresponding changes to negative gearing.

This will have a mildly positive effect for property investment – as long as interest rates remain low, and it will be good for the real estate industry.

The Budget makes some optimistic assumptions about future macroeconomic growth, and our concern is that as Australia›s economy is transitioning away from the mining boom, we remain vulnerable to downside surprises.

Watch this space.

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- International Networking and Marketing Sessions.
- FIABCI General Assembly, World Council and Committee Meetings.
- FIABCI World Prix d'Excellence Awards and Gala Dinner.
- The Celebration of FIABCI World President Danielle Grossenbacher's Successful Year and the Inauguration of the New FIABCI World President Kirkor Ajderhanyan.
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INCREASING SALES BY THINKING OUTSIDE THE BOX

This article is brought to you by Brad Fillipini
Director, boxbrownie.com

Technological advances and increasing internet speeds have seen local companies like BoxBrownie.com develop cost effective digital solutions for agents.

It is now possible to provide buyers with a much clearer idea about a property from their first contact. By thinking outside the box, agents have helped develop a range of extra add-ons to help buyers better understand a property and drive sales.

One quick and easy way to increase buyer awareness of the property is to add a floor plan. Sellers often have a copy of the original builders plans. These are generally covered in lines, dimensions and other information. Now they can be digitally cleaned up to remove excess information and provide a clean and concise plan showing the layout and essential features of the home.

In the case where no such plans exist, the agent can easily measure or step-out the dimensions of each room and draw an outline of the home. This can then be turned into a digital floor plan and added to the listing information. The plans can be made full colour and can even have furniture added. Some agents add a 3D plan to a listing for greater impact.

Now you can digitally add virtual furniture to an empty room.

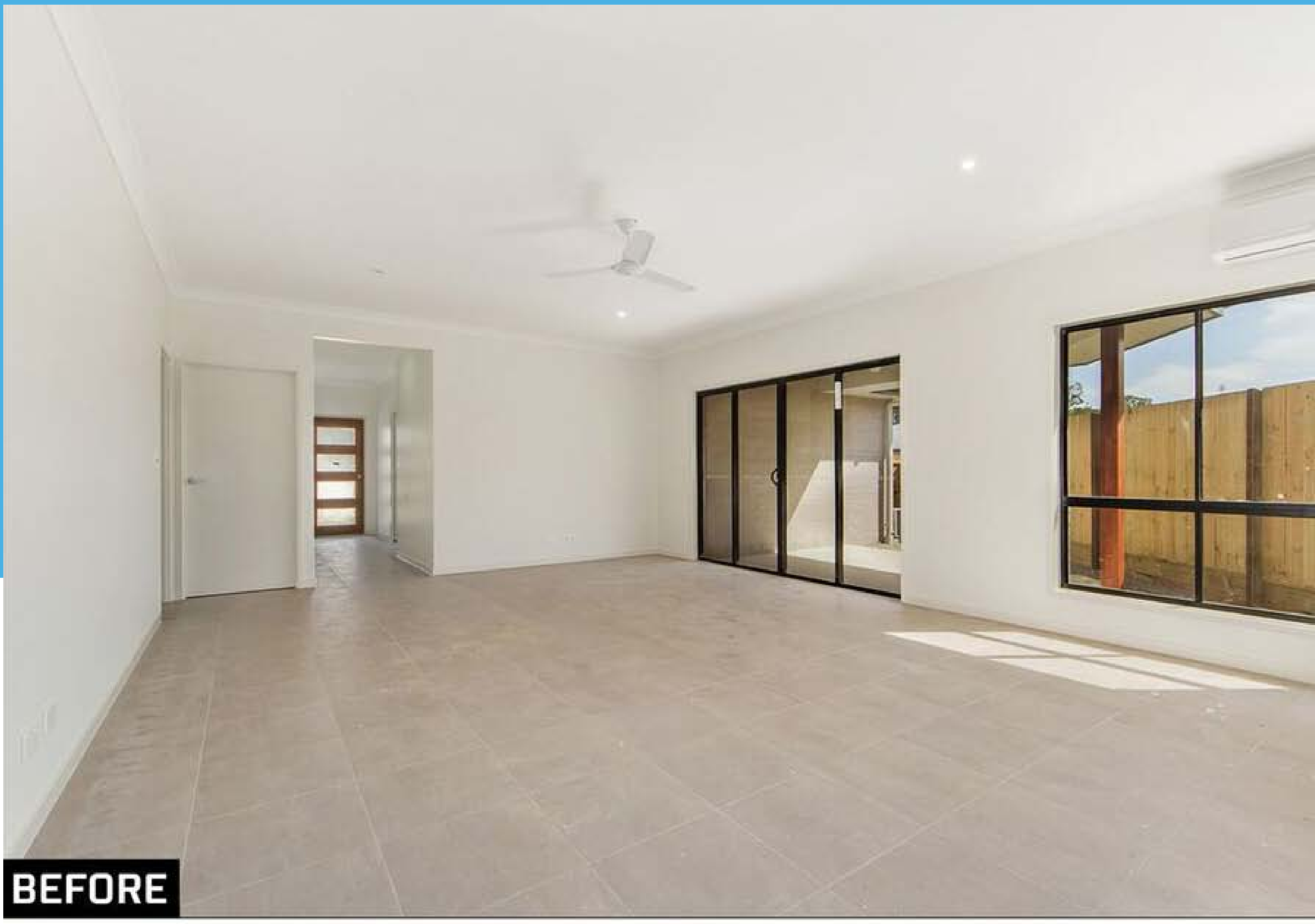
Sometimes homes are vacant and can look very sterile and unappealing. Thumbnail pictures of empty property on a listing do very little to inspire buyer interest. These days, this problem can be overcome by the addition of virtual furniture. There are many styles of furniture available and this can be selected to really present the home in the best possible way. This will of course only create the initial buyer interest and the agent will have to prepare the buyer to inspect a vacant home not a furnished home. The images can be made full size to show on the computer screen.

There are many reasons why a property cannot be properly prepared for the photographer and often, random items are left lying around and spoil the photographs. Some items may simply have been forgotten but look very bad in the finished picture. Other items may be beyond your control. Kitchen worktops can be digitally cleaned and even pool cleaners can be digitally removed these days for just a few dollars.

Introduction to creating 3D images for new development projects

New projects create their own special set of marketing challenges. Not least is the fact that the project has to be put to market when it may still be just an empty site. Site plans showing the finished layout can now be prepared in 2D or 3D. In addition, it is possible to create a full walk-through of a finished property so that the buyer can get a real feel for the end product. The potential client can now have the option of selecting a colour scheme and actually seeing this added to the property before it is finished.

Boxbrownie.com has a wide range of digital enhancement services with numerous options available on their web site.


BEFORE


AFTER

INDUSTRY UPDATE

Industry news from around Australia

REIV CEO Enzo Raimondo steps down

After 16 years at the helm of the Real Estate Institute of Victoria, CEO Enzo Raimondo has announced he is leaving the organisation to take up another role in the property industry.

Raimondo is the REIV's longest-serving CEO. Prior to his appointment at the REIV, Raimondo was CEO of the Real Estate Institute of South Australia.

Raimondo said that when he first moved from Adelaide to Melbourne in 2000, he thought he'd be at the REIV for three to five years before returning to Adelaide. "It's been a wonderful journey," he said of his 16 years in the role as CEO.

"His efforts are to be commended and have greatly increased the profile of the sector and members' interests," said Geoff White, President of REIV, of Raimondo.

REIWA.com launches AgentFinder

Last month reiwa.com launched its own AgentFinder – a genuine alternative to agent comparison websites. Reiwa.com AgentFinder will allow users to view agent profiles and compare agents based on a number of different factors, its free, will offer comprehensive agency and agent profile pages including agency overview, team overview, sales stats, listings and awards to help property searchers select an agent.

REIWA AgentFinder are keen to shift the focus away from fee comparisons alone towards other important agent selection factors such as number of sales, current listings, staff, office location, reiwa.com awards and other awards, average time on market compared to industry average and community involvement.

Inaugural Australasian Auctioneering Schools Championships announced

The Real Estate Institute of Australia (REIA) recently announced that the Inaugural Australasian Auctioneering Schools Championships will be held on 8 September 2016 in Alice Springs. The event is scheduled to coincide with the seniors' competition and will show case the best young and aspiring auctioneers throughout Australia.

The Australasian Auctioneering Championships (AAC) is an annual event conducted jointly by the Real Estate Institute of New Zealand (REINZ) and the REIA representing the most skilled auctioneers that New Zealand and Australia have to offer.

In its inaugural year, the Australasian Auctioneering Schools Championships will be contested by finalists from both South Australia and Tasmania. Other states and territories have plans to conduct their own local competitions with their winners participating in the national competition in future years. The Real Estate Institute of New Zealand have also indicated their support for the Championships and are working towards joining.

"This is the REIA's first foray into the very important area of development of the next generation of real estate professionals. The profession is most often seen as an option for those coming from other careers. We want to change that – we want the students that are coming out of our schools to regard the real estate profession as a first option for a career. What this competition will do will show a pathway into the profession and importantly teach them the various aspects of real estate practice" said Mr Sanders.

MAKING NEWS

General national news

Current lending practices punish small business

Small business accounts for 97 per cent of all businesses in Australia, employs 70 per cent of the workforce and contributes more than half a trillion dollars to the economy, yet remains the poor cousin when it comes to securing finance.

Over 2.4 million Australians are self-employed, 1.4 million of these are sole traders and the remaining 1 million employ 6 million people. According to a report by the World Bank and International Finance Corporation, Australia is ranked as the second easiest country to start a business, after New Zealand, and yet more than 60 per cent of small businesses fail within the first three years of operation.

Two thirds – 65 per cent – of small-business owners put themselves in a potentially precarious position by using their personal finance facilities to fund their growth, including credit cards, where interest rates can be over 20 per cent. And another common approach, using home equity to support a small business, is completely cut off when business operators can't access a mortgage in the first instance.

There are options outside of the mainstream banks. In fact, non-banks make up a growing segment of the loan market. Small-business owners should not hesitate to seek help from a specialist lender and/or broker with experience in this area.

Consumer Price Index falls 0.2 per cent

The Consumer Price Index (CPI) fell 0.2 per cent in the March quarter 2016 according to latest figures from the Australian Bureau of Statistics (ABS). This follows a rise of 0.4 per cent in the December quarter 2015.

The CPI rose 1.3 per cent through the year to the March quarter 2016, following a rise of 1.7 per cent through the year to the December quarter 2015. The fall in the CPI this quarter was broad based, with six out of the eleven CPI groups recording a fall for the quarter.

New report finds competition payments could unlock new housing supply

A new report has found that providing Federal incentive payments to the States to fix their planning systems could unlock $3 billion in economic benefits and ease the pressure on housing prices.

The report by Deloitte Access Economics "A Federal Incentives Model for Housing Supply" was commissioned by the Property Council and details how the Commonwealth and the States and Territories can work together to increase supply and ease housing stress.

The Deloitte Access Economics Paper details how Federal incentives could drive planning reform:

- **Set targets** – States and the Commonwealth agree on metrics and outcome, with flexibility in the arrangements to accommodate jurisdictional differences.
- **Make someone responsible** – there needs to be an entity that collects data and measures performance against targets and outcomes.
- **Model the benefits** – modelling needs to be thorough to better understand the size of the revenue or economic gains.
- **Link Payments to Action** – both for up-front reforms, and on an ongoing basis.
- **States to lead but involve local government** – States have a responsibility to set direction, but local government should be rewarded for delivering at the granular level.

POLITICAL WATCH

Information and news from government

Smart Cities are Sustainable Cities

The Australian Government has released its *Smart Cities Plan*, which promises to “coordinate and drive smarter city policy” and to draw on innovative finance mechanisms, such as the ‘value capture’ model, to deliver essential infrastructure, drive innovation and improve the sustainability of our cities.

The Prime Minister has repeatedly said his government wants to be a ‘partner, supporter and collaborator’ in the development of cities – something the industry has been calling for over many years – and the signs so far are very promising.

Industry Leaders welcome the release of the Australian Government’s Smart Cities Plan acknowledging that delivering the benefits will require close cooperation of all levels of government, all sides of politics and the engagement of business and the broader community.

Statutory Review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*

The Attorney-General’s Department released the findings of the review of the operation of the AML/CTF Act on the *Statutory Review of the Anti-Money Laundering and Counter Terrorism Financing Act 2006 and Associated Rules and Regulations* and this report was tabled in Parliament by the Minister for Justice on 29 April 2016.

Section 251 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) required a review of the operation of the AML/CTF Act and associated Rules and Regulations to commence before 13 December 2013, and a report of the review to be prepared and tabled in Parliament.

The report provides a comprehensive review of the issues raised by industry, government and the public. The review concludes Australia’s AML/CTF regime remains relevant and appropriate but identifies opportunities to minimise red tape and recommends strengthening the already robust legal framework to better respond to new and emerging threats.

The Government will carefully consider the recommendations of the report. Industry will be closely consulted on the design of any reforms.

A copy of the report is available here.

Check if your house has asbestos

Residential property owners in NSW with homes built before 1980 have until 1 August 2016 to register their properties to be tested for loose-fill asbestos.

NSW Fair Trading has established an Implementation Taskforce responsible for overseeing and implementing the NSW Government Voluntary Purchase and Demolition Program.

The initiative will allow homeowners in 28 Local Government Areas to receive free sample testing.

Any property found with loose-fill asbestos insulation will then have the option to sell their home valued on the basis it was free of asbestos as of 29 June 2015. So far 6000 have been tested and 91 properties have tested positive.

A state-wide awareness program is being rolled out over the next few months to publicise the campaign.

The Implementation Taskforce will remain in place until all properties registered before 1 August have been demolished and the soil remediated. For more information and the list of 28 Local Government Areas visit here or call 13 77 88.

THE WORLD

Property news from around the world

Real Estate Act comes into force – India

The *Real Estate (Regulation and Development) Act 2016* will set in motion the process of making necessary operational rules and creation of institutional infrastructure.

The Real Estate Act, designed to protect consumer interest and improve accountability of developers, will come into force on 1 May 2016, setting in motion the process of making necessary operational rules and creation of institutional infrastructure.

The Act makes it difficult for promoters and builders to delay projects and gives relief to home-buyers and proposes imprisonment of up to three years besides monetary penalties for any violation of rules.

The law also makes it mandatory for all residential and commercial projects to register with the Regulator and will apply to new and ongoing projects.

More Chinese buyers looking to purchase in Canada

An increasing number of real estate investors from China are looking to buy property in Canada with cities like Vancouver and Toronto proving popular, new data suggests.

According to the latest research from property search engine Juwai which lists real estate around the world for Chinese buyers, inquiries for properties in Canada have increased by 134% in the first quarter of 2016 compared with the same period in 2015.

The data from Juwai shows that the total value of all Canadian properties that Chinese made inquiries for almost tripled to $14.9 billion in 2015 from $5.6 billion in 2014.

Global real estate sales down in first quarter of 2016

Global real estate transaction volumes fell in the first quarter of this year in line with weaker market sentiment, according to the latest capital market research.

Based on JLL's preliminary data on global capital flows, real estate investment volumes in the first quarter of 2016 dropped 17% year on year to US$128 billion. This compares with US$154 billion registered in the first three months of last year, which was the strongest start to a year in this current six year cycle.

A regional breakdown shows volumes in the Americas are 16% lower than a year ago at US$61 billion. The US mirrored the wider regional decline with a 16% fall but the Canadian market bucked the trend slightly with a more moderate 3% decline. The Latin American markets suffered most with falls of 81% in Brazil and 57% in Mexico.

European volumes are 20 % lower in US dollar terms at US$46 billion with France and the UK recording the biggest falls of the major markets with 30% and 37% declines respectively. Germany performed slightly better with a 7% drop while, elsewhere, there were gains in the Nordics, Benelux, and CEE.

Asia Pacific volumes were 16% lower at US$21 billion with activity reasonably divergent across the region. Australia and Hong Kong came in higher than a year ago while South Korean activity also bounced back from the first quarter of 2015. Both China and Japan registered a decline and most emerging markets were all lower than the first quarter of 2015.

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