

REIA NEWS

ISSUE 64: FEBRUARY 2017

REIA CALLS
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**AFFORDABLE
HOUSING
& PROPERTY
TAXATION**



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PRESIDENT'S REPORT

Mr Malcolm Gunning
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the first edition of REIA News for 2017.

Preparations are well underway for the 2017 REIA National Awards for Excellence which is being hosted by the Real Estate Institute of the ACT at the Hyatt Hotel Canberra on the 23rd of March. This month's REIA News features an article on the state finalists vying for the coveted national titles. I wish them all good luck. A link to the purchase of tickets for the event is in the article.

To the Award sponsors our sincerest thanks. Without the support of Terri Scheer, RealesateVIEW, Coverforce, Compare & Connect, Rockend and RECON a night of such significance could not occur.

I would also like to thank all the judges for so willingly contributing their time and expertise in judging the contestants' submissions.

Even though it is early in the year REIA has already made two submissions to Government on behalf of the industry. Our Pre Budget Submission calls for

Government action on affordable housing and property taxation. The second, on money laundering calls on Government to recognise that 99 per cent of agents are small businesses and the need not to impose regulatory cost imposts. Articles on both submissions appear in this month's REIA News.

We also feature an article by the Tax Practitioners Board on agents' responsibilities regarding the sale of property valued over \$2m and what they can and cannot do in assisting their clients and the need to make sure that they are not regarded as providing a tax agent service.

In a future edition of REIA News I will provide an article on the future direction, initiatives and governance of REIA. This follows on from an in depth strategic planning day held in February facilitated by Deloitte. The REIA Board will consider a Draft Plan at its next meeting in March and once adopted I will announce the outcomes.

Mr Malcolm Gunning
REIA PRESIDENT

REIA CALLS FOR ACTION ON AFFORDABLE HOUSING & PROPERTY TAXATION

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



REIA’s Pre Budget Submission to Government this year focused on taxation as it relates to property and the need for a holistic approach and housing affordability including the need to address the rapid decline in the number of first home buyers.

The Submission notes that dwelling investment supported by historically low interest rates has been a significant contributor to growth in the Australian economy since 2013-14. Australia’s property industry has been a main driver of economic growth and increased employment in the transition away from a decade-long reliance on mining. Providing a stimulus to economic activity outside the mining sector, including the housing and building sectors, was amongst the main reasons for the RBA to keep the official cash rate at record low levels since August 2013.

ABS figures show that in 2015 new home building approvals recorded their strongest ever year with a 13.7 per cent increase in construction approvals for the year. With the lag from approvals to commencements, dwelling commencements in 2016 reached almost 230,000 – surpassing the record set in the previous year. The peak in residential building activity was reached in 2015-16. According to the Australian Industry Group/Housing Industry Association Australian Performance of Construction Index the national construction industry declined for a third consecutive month in December. BIS Shrapnel are forecasting a decline of 7.3% in construction activity in 2016-17.

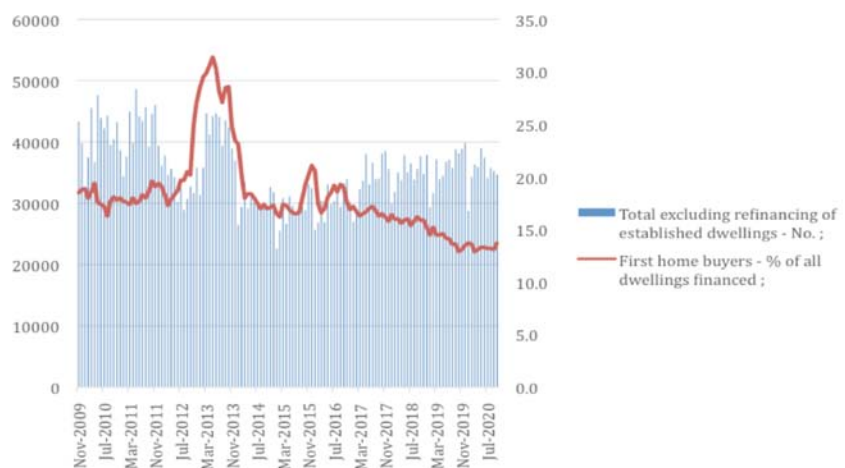
It is against this background that REIA’s Pre Budget Submission for 2017-18 is framed and seeks Government action to facilitate further sustained growth in the property sector which is critical to the Australian economy.

Whilst investor activity in housing has in large part been responsible for the supply response from the building sector contributing to economic growth, this has been at the cost of first home buyers and their ability to enter the housing market. The number of first home

buyer commitments as a proportion of total owner-occupied housing finance commitments in November 2016 was 13.8 per cent and compares to long run average of 18.5 per cent.

Since April 2012, when official interest rates were 4.25 per cent compared to the current 1.5 per cent, the number of home loans issued to home buyers increased by 25 per cent while the participation of first home buyers declined by 17 percent, as shown in the graph below. This decline is despite ten cuts in the official interest rate over that period.

FIGURE 1 Finance approvals and the proportion of first home buyers



REIA CALLS FOR ACTION ON AFFORDABLE HOUSING & PROPERTY TAXATION

» *continued*

Whilst historically low interest rates may make mortgage payments achievable for first home buyers it is the deposit gap together with stamp duties that are the insurmountable hurdle.

With first home buyers finding it increasingly difficult to enter the housing market, home ownership in Australia is declining after four decades of stable levels.

This is why the REIA is asking the Federal Government take a leadership role in urging all states and territories to take the same approach to the provision of assistance to first home buyers regardless of whether the dwelling is new or established as well as allowing first home buyers access to their superannuation for the purchase of a home.

Strong population growth in Australia as well as changes in the demographic composition necessitates that the supply of affordable housing is addressed as a priority policy issue. ABS population projections show net overseas migration is expected to make a stronger contribution to population growth in future years than it has in the past.

The REIA is also urging the Federal government to show leadership in addressing housing affordability by taking a co-ordinated and holistic approach of all levels of government in objectively addressing all property taxes.

Stamp duties, for example, are a major hurdle for first home buyers and older

home owners. For first home buyers stamp duty often makes the difference between the ability to buy and not to. For older home owners considering down sizing to accommodation more suited to their needs in retirement stamp duty is frequently given as the reason preventing such a move.

Stamp duties are also inequitable for those who move more frequently, for work related reasons for example, than those that do not as they face higher costs even if their circumstances are otherwise similar. Choices between renting and buying and between moving house and renovating are also distorted by stamp duties

Stamp duties are thus preventing a more efficient use of the housing stock and are exacerbating the supply problem.

The seven recommendations REIA made to the Commonwealth Government are:

- 1** Take a leadership role in taking a co-ordinated and holistic approach of all levels of government in objectively addressing all property taxes
- 2** Until a co-ordinated and holistic approach in objectively addressing all property taxes is undertaken that negative gearing and capital gains tax on property investments are retained in its current form.
- 3** Take a leadership role in urging all states and territories to take the same approach to the provision of assistance to first home buyers regardless of whether the dwelling is new or established.

- 4** Establish a scheme to encourage young Australians to have access to their superannuation for the purpose of raising a deposit for a first home.
- 5** An improvement in the supply of housing for social housing tenants transitioning to private rental by utilising private investment.
- 6** The appointment of a Minister for Property Services.
- 7** Establish a mechanism to ensure the availability of reliable data on housing demand and supply in order to formulate appropriate policies and to monitor their effectiveness.

The property sector needs to be a crucial and integral element of the 2017-18 Budget and housing affordability and the taxation of housing need to be addressed in a holistic manner rather than the often simplistic debate about negative gearing as if it's abolition is the panacea for all things.

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MONEY LAUNDERING AND REAL ESTATE

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



In the September 2015 edition of REIA News, I wrote that the Financial Action Task Force (FATF) – an independent international governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing – had undertaken a periodic risk assessment of Australia. In their report they identified real estate agents, lawyers and accountants as being of high money laundering risk in Australia.

At the time REIA met with AUSTRAC, Australia's primary source of financial intelligence, which had identified real estate amongst other high-value goods to be a significant money laundering channel in Australia. In a strategic analysis brief, they said that the use of real estate is an established method of money laundering internationally.

AUSTRAC indicated that whilst the Australian Government will be proceeding with addressing money laundering through real estate, lawyers and accountants it assured the REIA that it will not take the same approach as for financial institutions and did not want to impose unnecessary regulatory burden on agents.

In November last year the Attorney-General's Department released a Consultation Paper "Real Estate Professionals: A Model for Regulation under Australia's Anti-Money Laundering and Counter-Terrorism Financing Regime" which sought

responses to a number of questions about a model for regulating Australian real estate professionals.

The REIA's Submission responded to a number of the questions as well as providing details on the information currently collected by agents and how this could be incorporated in a holistic approach for real estate transactions covering financing, conveyancing and selling. The Submission noted that 99 per cent of real estate agencies are small businesses and the need to be aware of regulatory cost imposts.

Whilst the approach is not uniform, many jurisdictions currently collect data on prospective buyers/bidders and renters through an identity check.

Feedback from agents suggests that the introduction of identity checks did not provide any major long term problems. For agents it provides another way of qualifying the buyers and assessing more accurately the

interest they have when going into an auction. The major challenge was ensuring that the agents and auctioneers had a clear understanding of what was required and ensuring that the forms they used were compliant. In this regard, where REIs provided approved forms to their members this was of assistance. Non member agencies at times sought legal advice at some cost to them.

From the experience of real estate professionals in jurisdictions that have introduced identity checks it would appear that a national approach to identity checks prior to undertaking a transaction is feasible. A national approach will have the added benefit that it is a step towards harmonising real estate practice across the jurisdictions with benefits for training and mutual recognition.

REIA's submission also pointed out that individual agents are not the only entity involved in a real estate

MONEY LAUNDERING AND REAL ESTATE

» *continued*

transaction and that any proposed anti-money laundering regime require that a review of all possible data sources be undertaken. Sales involve not only the agent but also financial institutions and conveyancers as well as the Office of State Revenue and possibly the ATO and FIRB. It is worth noting that FATF requires that real estate transactions for the purposes of an anti-money laundering scheme are covered by lawyers and conveyancers as well.

In moving towards a regulatory regime for anti-money laundering in the real estate sector consideration should be given to what information is currently obtained by others and to identify what information gaps there are and whether agents are the best ones to meet the gap and at what cost.

The recent introduction of electronic conveyancing would provide an important adjunct. With e-conveyancing, parties to the transaction will need to have their identity verified by the lawyer/conveyancer settling the property. If this data were to be matched with other Government data bases this would provide scope for a level of monitoring and compliance that has not previously been available.

It is also worth noting that the Standing Committee on Economics Report on Foreign Investment in Residential Real Estate handed down on 27 November 2014 made a number of recommendations that if implemented would be of great assistance in a anti-money laundering regime in property. The Committee recommended: that the Government, in conjunction with the States and Territories, establish a national register of land title transfers that records the citizenship and residency status of all purchasers of Australian real estate; this information should be accessible by relevant agencies from a single data base, and; and greater use is made of the databases held by AUSTRAC, and also of other relevant Federal and State Government databases.

REIA's submission pointed out that on-line platforms for sales and auctions will pose a greater risk for any anti-money laundering scheme regime than traditional real estate businesses and would need to be included in any future scheme.

In addition there are a number of overseas portals selling Australian real estate including new off-the-plan developments to foreign

residents. These too would need to be part of any proposed anti-money laundering scheme.

Following consideration of submissions the Attorney-General's Department will be consulting with the REIA on models for regulation of real estate agents as well as a cost benefit analysis.

REIA News will report further developments in future editions.



REIA 2017
NATIONAL AWARDS
FOR EXCELLENCE

**REIA
ANNOUNCES
2017 NATIONAL
AWARDS FOR
EXCELLENCE
FINALISTS**

Finalists for the Real Estate Institute of Australia's (REIA) 12th National Awards for Excellence were announced recently.

REIA President Malcolm Gunning said the awards, which are being held at the Hyatt Hotel Canberra on Thursday 23 March 2017, recognise the best of the best in Australian real estate.

"This year the REIA National Awards for Excellence will be proudly hosted in the nation's capital by the Real Estate Institute of the Australian Capital Territory (REIACT) and competition is tighter than ever. A total of 81 entrants will compete for 16 awards and judges have commented on the high calibre of the entrant submissions," Mr Gunning said.

The award categories cover all aspects of the real estate sector, including residential and commercial agencies, residential and commercial sales, residential and commercial property management, business brokers, buyer's agents, community service, innovation and communications.

FINALISTS

Large Residential Agency of the Year

ACT	Peter Blackshaw Manuka
NT	Elders Real Estate NT
NSW	Morton Real Estate
SA	Toop & Toop Real Estate
TAS	—
VIC	Gary Peer & Associates – Caulfield
WA	Momentum Wealth

Medium Residential Agency of the Year

ACT	Ray White Belconnen
NT	Knight Frank NT
NSW	John Flood Estate Agents
SA	Refined Real Estate
TAS	4one4 Real Estate Glenorchy
VIC	Nicholas Lynch Real Estate
WA	Realmark Mandurah

Small Residential Agency of the Year

ACT	Maria Selleck Properties
NT	Top End Real Estate
NSW	—
SA	Raine & Horne Semaphore
TAS	—
VIC	Gary Peer & Associates – St. Kilda
WA	Mint Real Estate Claremont

Commercial Agency of the Year

ACT	CBRE
NT	Knight Frank NT
NSW	CBRE
SA	Commercial SA
TAS	—
VIC	Colliers International (Victoria)
WA	CBRE

Residential Salesperson of the Year

ACT	—
NT	Derek Hart <i>Elders Real Estate</i>
NSW	George Rafty <i>First National Newcastle City</i>
SA	Kate Smith <i>Raine & Horne Semaphore</i>
TAS	Natalie Downton <i>Downton Property Hobart</i>
VIC	Tim Heavyside <i>The Fletchers Group</i>
WA	Michelle Kerr <i>Abel McGrath Property Group</i>

Commercial Salesperson of the Year

ACT	Nick Cotis <i>Raine & Horne Commercial Canberra</i>
NT	—
NSW	Michael Crombie <i>Colliers International NSW</i>
SA	Andrew Turner <i>Commercial SA</i>
TAS	Andy Howell <i>NAI Harcourts North</i>
VIC	Brett Diston <i>Ray White Commercial Victoria – Nunawading</i>
WA	—

Achievement Award

	Stephanie Graham <i>Independent Property Group</i>
ACT	—
NT	—
NSW	David Goldring <i>The Property Shop</i>
SA	Angelo Nickolas <i>Harris Real Estate</i>
TAS	Wendy Squibb <i>Halliwell Property Agents</i>
VIC	—
WA	Kristy Yates <i>Perth Property Management</i>

Communications Award

ACT	—
NT	Roost Realty
NSW	Colliers International Australia
SA	Toop & Toop Real Estate
TAS	4one4 Real Estate Glenorchy
VIC	Gary Peer & Associates Pty Ltd
WA	Blackburne

Innovation Award

	Peter Walker <i>Peter Blackshaw Belconnen</i>
ACT	—
NT	Roost Realty
NSW	Raine & Horne Terrigal-Avoca Beach
SA	Toop & Toop Real Estate
TAS	4one4 Real Estate Glenorchy
VIC	Harcourts Victoria
WA	Sell Lease Property WA



FINALISTS

Community Service Award

ACT	CBRE
NT	—
NSW	Hugh Bateman <i>The Property Shop</i>
SA	Bronty Marsh <i>Magain Real Estate</i>
TAS	—
VIC	Ray White Chelsea
WA	Realmark Mandurah

Commercial Property Manager of the Year

	Jorgie Gorman
ACT	<i>Knight Frank Australia</i>
NT	Jacqueline Reid <i>Knight Frank NT</i>
NSW	Petah Richards <i>CBRE</i>
SA	Stephen Carpenter <i>Commercial SA</i>
	Jessie Legge
TAS	<i>NAI – Harcourts North</i>
	Kristian Etherington <i>Ray White</i>
VIC	<i>Commercial Victoria – Nunawading</i>
WA	Lee Bradshaw <i>Acton Commercial</i>

Residential Property Manager of the Year

	Renee Bink
ACT	<i>Independent Property Group</i>
	Kathy Smart <i>O'Donoghues First</i>
NT	<i>National Real Estate</i>
	Laetitia Pearce <i>Home Specialist</i>
NSW	<i>Property Management</i>
SA	Peter Treacy <i>Harris Real Estate</i>
TAS	—
VIC	Lizzie Roberts <i>Woodards Carnegie</i>
	Sarah Young
WA	<i>Davey Real Estate Currambine</i>

Corporate Support Person of the Year

	Sofia Ligeros
ACT	<i>Independent Property Group</i>
NT	Jenna Steel <i>Real Estate Central</i>
NSW	Sarah Bester <i>Ray White Double Bay</i>
	Louise Stapleton
SA	<i>Barry Plant Norwood</i>
TAS	—
	Maisae Lattouf
VIC	<i>Infolio Property Advisors</i>
	Rebecca Shaw
WA	<i>Professionals The Kelly Team</i>

Buyer's Agency of the Year

ACT	—
NT	—
NSW	Rich Harvey <i>Propertybuyer</i>
SA	—
TAS	—
	Janet Spencer
VIC	<i>Buyer Solutions Australia Pty Ltd</i>
	Kent Cliffe
WA	<i>Momentum Wealth Property</i>

Business Broker of the Year

ACT	—
NT	—
NSW	—
	Simon Winter
SA	<i>Raine & Horne Business Sales</i>
TAS	—
	Karli Dunham
VIC	<i>Just Business Brokers.com</i>
WA	—

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REAL ESTATE AGENTS AND THE TAX AGENT SERVICES ACT 2009 (TASA)



Foreign resident capital gains withholding and the tax agent services regime

As a real estate agent, you may be aware that new rules apply to vendors disposing of certain taxable Australian property under contracts entered into from 1 July 2016.

You could be impacted by the *Tax Agent Services Act 2009* (TASA) if your clients are affected by these new rules.

This means you may need to:

1. make it clear to your client that you are the transmitter of data to the ATO and not the provider of a tax agent service, or
2. be registered with the Tax Practitioners Board (TPB) if you are assisting your clients to meet their obligations under the foreign resident capital gains withholding measures.

Changes to foreign resident capital gains withholding

What does this mean for real estate agents?

Clearance certificate, Variation application and Purchaser payment notification

Summary of the requirements under the TASA and options available to real estate agents

Changes to foreign resident capital gains withholding

Australian resident vendors selling real property with a market value of \$2 million or more, will need to obtain a clearance certificate from the [Australian Taxation Office \(ATO\)](#) prior to settlement, to ensure that the 10% non-final withholding is not withheld from the purchase price.

Foreign resident vendors may apply for a Variation of the withholding rate in certain circumstances.

Purchasers are then required to pay the amount withheld at settlement to the ATO.

Depending on whether the client is the vendor or purchaser, the following foreign resident capital gains withholding forms may need to be completed and submitted to the ATO:

1. Clearance certificate application
2. Variation application
3. Purchaser payment notification.

The TPB considers there are sections of each of these forms that may involve

REAL ESTATE AGENTS AND THE TAX AGENT SERVICES ACT 2009 (TASA)

» *continued*

the provision of a tax agent service. If you complete and submit these forms to the ATO on behalf of a client for a fee or other reward, you may need to be registered with the TPB.

What does this mean for real estate agents?

Before assisting clients to meet the requirements of the foreign resident capital gains withholding regime, all real estate agents who are not registered with the TPB as tax agents, need to understand what they can or cannot do under the TASA. A summary of what this means for you is contained in [Table 1](#) on the following page.

Clearance certificate, Variation application and Purchaser payment notification

Completing and submitting a clearance certificate or variation application on behalf a client for a fee or reward may constitute a tax agent service which can only be done by a registered tax agent or an Australian legal practitioner.

Completing the Purchaser payment notification form on behalf of clients for a fee or reward may also constitute a tax agent service and can only be done by a registered tax agent, Australian legal practitioner or a conveyancer.

If your client asks you to complete and submit these forms to the ATO and you are not a registered tax agent or Australian legal practitioner (or, until 31 December 2017, a conveyancer in relation to the Purchaser payment notification), you need to make it clear to your client that you are the transmitter of data to the ATO and not the provider of a tax agent service. Furthermore, you should advise that you can assist your clients with data entry only and you can undertake the following steps for them:

- provide the client with a hard copy of the relevant form for them to complete (you cannot assist the client to complete the form)
- enter client-provided information from the hard copy form into the ATO's online environment (for example, data entry)
- transmit the information you have entered into the ATO's online environment.

Importantly, to provide the above assistance, you need to have appropriate procedures/processes in place to ensure that you are not regarded as providing a tax agent service. Such procedures/processes should include, amongst others:

- you retaining, and providing to the client, a hard copy of the client signed form and evidence of the transmission to the ATO, or

- providing a mechanism for your client to review the data about to be transmitted and to verify the correctness and appropriateness of that data for transmission (you will need to retain evidence of this verification).

Further, you should have an appropriately worded declaration to make it clear to your clients that you are not a registered tax agent or Australian legal practitioner (or, until 31 December 2017, a conveyancer in relation to the Purchaser payment notification) and if the client is seeking tax related advice to rely on in order to meet their tax obligations, they should seek advice from a registered tax agent or Australian legal practitioner (or, until 31 December 2017, a conveyancer in relation to the Purchaser payment notification).

Ultimately, your clients need to be aware that you are simply the transmitter of data to the ATO and not the provider of a tax agent service.

For further information, visit the [TPB website](#).

REAL ESTATE AGENTS AND THE TAX AGENT SERVICES ACT 2009 (TASA)

» *continued*

TABLE 1 Summary of the requirements under the TASA and options available to real estate agents

Real estate agent completes and submits form on behalf of client for a fee	Requirement to be registered with the TPB? ¹	Options available to real estate agents
Clearance certificate application	Yes	<ul style="list-style-type: none"> • Perform a data entry service only.[^] • Seek registration with the TPB as a tax agent. • Refer clients to a registered tax agent. • Refer clients to a legal practitioner, who can undertake this work if it is part of a legal service. • Decline to undertake this part of the work
Variation application	Yes	<ul style="list-style-type: none"> • Perform a data entry service only.[^] • Seek registration with the TPB as a tax agent. • Refer clients to a registered tax agent. • Refer clients to a legal practitioner, who can undertake this work if it is part of a legal service. • Decline to undertake this part of the work
Purchaser payment notification*	Yes	<ul style="list-style-type: none"> • Perform a data entry service only.[^] • Seek registration with the TPB as a tax agent. • Refer clients to a registered tax agent. • Refer clients to a legal practitioner, who can undertake this work if it is part of a legal service. • Refer clients to a conveyancer (up until 31 December 2017) • Decline to undertake this part of the work

¹ The requirement to be registered with the TPB will depend on whether you are providing a tax agent service for a fee or other reward.

[^] For more information refer to information under the heading 'Clearance certificate and Variation application'

* This refers to the form on the ATO's website as at 17 August 2016

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Ceil Rosenbaum, REI Super member

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PROPERTY PROBLEMS: THE FEMALE LEADERSHIP PIPELINE IS BLOCKED



Australian Government



Workplace
Gender Equality
Agency

The pipeline funnelling women into leadership in the property industry appears to be blocked, according to the latest data from the Workplace Gender Equality Agency (WGEA).

The WGEA is an Australian Government Agency charged with promoting and improving gender equality in Australian workplaces. We work with employers across all industries to help them comply with the reporting requirements under the Workplace Gender Equality Act 2012. Our 2015-16 reporting dataset covers over 15,000 employees in the property industry, with women making up half of this workforce.

This gender balance quickly disappears when you drill further into the data; men occupy 96% of CEO positions and 80% of key management personnel positions in the industry. A lack of women in senior management contributes to a high industry gender pay gap that currently sits

at 38%, a staggering 14% higher than the all industries average.

These figures may not come as a surprise to many following the release of a report last year by the Property Male Champions of Change that revealed an entrenched 'boys' club' mentality is still prominent in the industry.

The Property Male Champions of Change and EY surveyed over 3,800 employees in 18 property organisations and found that despite men and women in property having the same aspirations for leadership; women are less likely to progress from manager level to senior leadership in the property industry.

Despite this blockage at the top, the Agency's data does show progress towards gender equality in the industry. In the 2015-16 reporting period, 68% of property employers indicated they have an overall gender equality strategy or policy in place, and more than 59% stated

they offer employees access to flexible working arrangements.

Over the next year the Agency is committed to working with the employers to continue this momentum. All organisations in the industry with 100 or more employers are required to annually report to the Agency against a number of key gender equality indicators, and industry progress will continue to be tracked.

If your organisation is required to report, the Agency is holding a number of educational sessions in the coming weeks to help you prepare for the reporting period. For more information visit our website: www.wgea.gov.au

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PLAN NOW for the 68th FIABCI World Congress in Andorra, May 23-28, 2017. The 2017 World Congress will be a uniquely inspiring experience where ideas and solutions to industry challenges will be presented to help grow your business. Register online and receive an email with a user name and password to complete your registration profile at any time.

Full details are available online to help you plan your travel arrive by May 23 for FIABCI Days and attend Committee and Council Meetings, or use time to enjoy an exciting variety of social activities. The Congress program runs from May 26-28, and concludes with a ticketed black tie Farewell Gala Dinner. Book your accommodation online and choose from a list of varying priced hotels.



PURPLEBRICKS TO REPLICATE UK LOSSES IN AUSTRALIA

This article is brought to you by Ray Ellis, CEO of First National Australia



The chief executive of Australia's largest network of independent agents says the arrival of Purplebricks in Australia has failed to ignite consumer interest and that the company is on track to replicate the significant losses incurred on its home soil.

Since its August 2016 launch, when more than a quarter of a million properties were listed for sale with Australian agents, Purplebricks has sold little more than 150 properties and currently has just 310 properties listed' said First National Real Estate chief executive Ray Ellis.

By any measure, that represents a rejection of its "low cost" model and a market share smaller than 0.1 per cent.

Purplebricks claims to be the third biggest agent in Britain by client instructions with a market share of 5 per cent, but in September the ABC's Media Watch reported just one in four UK customers give it a rating of one star out of five on its Facebook page. In contrast, 82 per

cent of First National member agents in Australia achieve 5-star reviews.

Australians have an entirely different view of property ownership and are focused on building wealth through property investment. They understand the extra value that a professional agent brings the marketing, negotiation and sale of property, and therefore continue to choose agents to maximise their sale price.

In 2016, Canstar Blue researched customer experiences with Australia's major real estate brands and announced that First National Real Estate was number one with the most satisfied customers. It was the only brand to achieve 5 star ratings, doing so in six separate categories, one of which incorporated value for money.

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INDUSTRY UPDATE

Industry news from around Australia



Tim Anderson recognised with an OAM



Long-standing REINSW member and Life Fellow Tim Anderson has been recognised with the Medal of the Order of Australia in the General Division (OAM).

REINSW CEO Tim McKibbin said throughout his career, Tim Anderson has actively promoted professionalism and integrity in the industry and has applied these attributes to all his activities.

“He has and continues to give enormous amounts of energy and time to the profession and industry that he loves and is a deserving recipient of such an honoured title.

“With more than 50 years’ experience, Tim is an authority on property management and NCAT matters,” Mr McKibbin said.

Tim has held positions on a number of REINSW committees over the years and currently sits on the Property Management Chapter Committee, having also served as chair. Tim was awarded the REINSW Woodrow Weight Award in 1999 for outstanding real estate agency practice.

He has been a Life Fellow since 2008 and was an REINSW board member from 1994-2000.

Tim also provides professional guidance and advice through the REINSW Helpline.

Gil King appointed CEO of the Real Estate Institute of Victoria (REIV)



The REIV recently announced the appointment of Gil King, former Housing Industry Association Executive Director, as CEO of the Institute.

Mr King replaces former, long-term CEO, Enzo Raimondo, who stepped down in mid-2016. An Executive search process has since been undertaken, during which time REIV Director Geoff White has fulfilled the role of Acting CEO.

Mr King was most recently Executive Director of the Housing Industry Association, a role held since 2009, and has 20 years’ involvement in the building industry – including as Director Regulatory Compliance at the Victorian Building Commission (now Victorian Building Authority).

REIV President, Joseph Walton, said that Mr King brings a wealth of experience to the role, both within membership organisations and within policy and regulatory environments.

Mr King said that he is honoured to have secured the role with the Institute, “the representative and respected body for real estate professionals in Victoria”.

“I’m excited to take on the leadership of the REIV at a time when the property industry in this State is growing strongly,” he said. “There are also

challenges to be met in light of elevated market demand and expectations.

“I’m looking forward to working closely with the REIV’s members to continue to grow the organisation and help support their needs.”

Mr Walton paid tribute to the work of Acting CEO Geoff White.

“The REIV is indebted for the effort that Geoff has provided during 2016 and into this year. Geoff has worked tirelessly to ensure that the REIV has continued to work effectively with members and Government, providing continuity for the Institute.”

Mr King officially took up his position on Monday, 30 January.

MAKING NEWS

General national news



Dwelling approvals fall in December

The number of dwellings approved fell 2.5 per cent in December 2016, in trend terms, and has fallen for seven consecutive months, according to the latest figures released by the Australian Bureau of Statistics (ABS) earlier this month.

In December dwelling approvals decreased in trend terms, in New South Wales (6.3 per cent), Queensland (5.0 per cent), Australian Capital Territory (2.0 per cent), South Australia (1.3 per cent) and Western Australia (0.3 per cent) but increased in Tasmania (3.8 per cent), Victoria (1.5 per cent) and the Northern Territory (1.4 per cent).

Approvals for private sector houses fell 0.4 per cent in December in trend terms. Private sector house approvals fell in Western Australia (1.2 per cent), South Australia (0.7 per cent), New South Wales (0.5 per cent), Victoria (0.2 per cent) and Queensland (0.1 per cent).

In seasonally adjusted terms, dwelling approvals decreased by 1.2 per cent in December, driven by a fall in total house approvals (2.2 per cent). Total dwellings excluding houses rose 0.1 per cent.

The value of total building approved fell 3.5 per cent in December, in trend terms, and has fallen for five months. The value of residential building fell 2.4 per cent while non-residential building fell 5.6 per cent.

Further information is available in [Building Approvals, Australia](#) (cat no. 8731.0) on the ABS website at <http://www.abs.gov.au>.

Australians increasingly delay buying first property

Data released in January 2017 from the [Australian Bureau of Statistics \(ABS\)](#) shows more Australians are delaying buying their first home till later in life.

The 2013-14 data shows in 2000-01 just over 60 per cent of Australians bought their first home when they were between the ages of 25 and 34 years old. In 2013-14, that number had fallen to just under 50 per cent.

A report on the ABS data by the [Australian Housing and Urban Research Institute \(AHURI\)](#) said the rise in Australians obtaining their first mortgage at an older age meant more people would be left still paying off a mortgage when they hit 'retirement age'.

"Indeed, as other ABS Housing Occupancy and Costs data shows, the proportion of households aged 65 and over still paying off their mortgage has more than doubled, having risen from 3.6 per cent of all households aged 65 and over in 2000-01, to 8.2 per cent in 2013-14," AHURI said.

New home lending ends 2016 in better shape

Latest ABS figures on housing finance show that December was the strongest month of 2016 for the number of owner occupier loans, said the Housing Industry Association, the voice of the residential building industry.

"Netting out refinancing, the number of loans for owner-occupiers hit its highest monthly level for 2016 in December," said

HIA Economist, Geordan Murray. "That's a very good sign that Australia's housing market will hold up well in 2017. The new home lending market discovered fresh momentum in the second half of 2016."

The number of loans to owner occupiers for the purchase of new and established dwellings rose by a strong 2.4 per cent in December 2016. Within this, the number of loans for established dwellings grew by 2.9 per cent, while total lending for new dwellings (construction and new purchase) increased by 0.9 per cent, in seasonally adjusted terms. In December 2016, construction loans to owner occupiers dipped slightly by 0.3 per cent in seasonally adjusted terms, while loans for the purchase of new homes saw growth of 3.2 per cent.

"It appears that borrowers have again taken advantage of the lower interest rate environment as evidenced by December's positive results for new home finance," Geordan Murray concluded

In December 2016 the number of loans to owner occupiers constructing or purchasing new homes increased in only two states. Comparing December last year to the same month in 2015, new home lending grew in Queensland (+4.9 per cent), and Victoria (+3.9 per cent). The number of loans to owner occupiers constructing or purchasing new homes declined in Western Australia (-22.4 per cent), South Australia (-14.6 per cent), Tasmania (-11.9 per cent), and New South Wales (-2.9 per cent). The ABS did not report December 2016 figures for the Northern Territory and the Australian Capital Territory.

POLITICAL WATCH

Information and news from government



\$9bn home affordability scheme to be dumped in May budget

The \$9 billion National Housing Affordability Agreement is set to be axed in the May budget following a report revealing that the states and territories had failed to meet almost every benchmark set by the federal government since it began in 2009.

Figures obtained by The Australian revealed that the Rudd government scheme, with a price tag of almost \$1.5bn a year in grants to the states, had not delivered any measurable improvement in the provision of affordable housing.

Despite pledges to increase the supply of social housing, the 2017 Report on Government Services (ROGS) shows that public housing stock, instead of increasing as committed, had been falling since 2009, going backwards by 16,000 homes.

Even the transfer of public housing stock to subsidised social housing had also failed to meet any targets to increase the supply of affordable housing. Furthermore, 20 per cent of that existing stock was now considered to be in an unacceptable state while 8 per cent was uninhabitable. A promise to reduce homelessness by 7 per cent had also not been met, with the homeless rate instead rising 17 per cent.

Rental Bonds Online (RBO) changes to residential tenancy laws – NSW

From 30 January 2017, changes to the *Residential Tenancies Act 2010* (the Act) make it mandatory for landlords and real estate agents to invite tenants to lodge their rental bonds using Rental Bonds Online (RBO). The amendment does not change any other provisions in the Act, including those relating to the lodgement and claims for bonds.

Landlords and Real Estate Agents

From 30 January 2017, landlords and real estate agents are required to be registered with RBO and invite new tenants to provide their email address for the purpose of initiating the RBO bond lodgement process. A landlord or agent who fails to invite a new tenant to lodge their bond using RBO, prior to accepting a bond, will be in breach of the Act. A penalty of \$2,200 may apply.

Further information can be found on the [Rental Bonds Online - For private landlords](#) and [Rental Bonds Online - For property agents](#) webpages.

Tenants

From 30 January 2017, when tenants enter into a new residential tenancy agreement, landlords and real estate agents are legally required to invite them to lodge their bond using RBO.

Tenants who do not have internet access can continue to give their bond directly to the landlord or landlord's real estate agent. The landlord or agent is then required to lodge the bond with the Rental Bond Board using the current paper based method.

Domain Name scams targeting your business

The ACCC is warning you that certain domain name registration companies are mailing out invoice-type letters to trick you into paying for a new domain name registration.

Big and small businesses are targeted. Typically, businesses are offered a '.com' version of their '.com.au' domain name. These letters are not renewal notices!

For further information as to how these scams work and how you can protect your business see this [SCAMwatch Alert](#).

The ACCC has received a number of reports from small businesses in relation to approaches from **Domain Name Corp Pty Ltd**. If you receive correspondence from **Domain Name Corp Pty Ltd**, you should read it very carefully and consider the matters identified in the SCAMwatch Alert.

If your business receives a domain name registration letter that appears to be a scam, you can report it via the [SCAMwatch website](#).

THE WORLD

Property news from around the world



Sales plummet in Vancouver, Canada, after foreign buyers tax was introduced

A new tax for foreigners buying property in Vancouver in Canada has resulted in sales plummeting and prices are also heading down. However the British Columbia Government has announced that foreign buyers with work permits who live and work in the state will no longer need to pay the 15% extra tax introduced last year.

There were concerns that the tax was having too much of a negative effect on the housing market. In November 2016 there were just 204 sales to foreign buyers in the Vancouver metro area compared to 1,970 in the seven weeks before the new tax was introduced.

And the very latest figures show that in January sales overall were down by 40% compared to a year ago and down 11.1% month on month. January sales were 10.3% below the 10 year average for the month.

The new foreign buyer's tax was aimed at cooling demand in a red hot market and improving affordability in in the city after prices soared 24% in one year. But it seems to have more of an effect than desired.

Stamp duty impacts Hong Kong property market with sales down almost 50%

The decision to raise stamp duty rates to 15% for all but local first time buyers in early November has led to a slowdown in sales in Hong Kong. Residential sales fell by 47.3% month on month in December 2016 across all price ranges as the tax change combined with the holiday season to dampen the market.

However due to a robust new build market, residential sales across the whole of 2016 dropped by only 2.3% year on year, the latest analysis report from international real estate firm Knight Frank shows.

The report explains that even new build sales volumes were quiet in December, with a limited number of new launches because of the stamp duty rise. Resales were also sluggish as developers offered preferential terms to offset the effect of the heavy tax making these units less attractive.

The report also explains that the policy address announced in January reaffirmed the Hong Kong Government's determination to increase the housing supply. The average annual supply is expected to reach 94,000 units in the coming three to four years, hitting an historic high.

But the Knight Frank analysis suggests that abundant supply, combined with economic and policy uncertainty, may drag down mass residential prices by about 5% this year.

Prices and sales rising in Cyprus as foreign buyers return to the island

The property recovery is underway in Cyprus with the latest figures showing that prices for villas and flats are increasing and sales are also rising. The latest figures from the Royal Institution of Chartered Surveyors (RICS) shows that across Cyprus residential prices for both houses and flats increase by 0.6% and 0.9% respectively in the third quarter of 2016.

Meanwhile, data from the island's land registry show that sales increased by 121% year on year in December 2016, the largest annual rise for a decade. This followed increases of 50% in September, 37% in October and 46% in November.

Reports suggest that it is foreign buyers returning that are helping the property market to recover. RICS pointed out that local buyers are few and far between while the land register figures show that 31% were buyers from overseas.

Sales to foreign buyers rose 162% in December compared with December 2015. They increased in all districts compared with December 2015.

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