


AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS **ALL ROUND BACK TO BACKS**

A photograph of two men in dark suits and ties standing in front of a blue backdrop. The man on the left is holding a smaller, clear acrylic trophy with a red ribbon. The man on the right is holding a large, ornate silver trophy. The backdrop features the text 'Australasian Real Estate Institutes' Auctioneering Championships' and a logo with a gavel and stars. The man on the left is smiling and looking towards the camera. The man on the right is also smiling and looking towards the camera.

Andre Briffa (left), winner of the Schools Auctioneering Championship 2017 with Justin Nickerson (right), winner of the Australasian Real Estate Institutes' Auctioneering Championships 2017

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MARKET SNAPSHOT

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PRESIDENT'S REPORT

Mr Malcolm Gunning
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the September edition of REIA News.

This month we feature coverage of the Australasian Auctioneering Championships (AAC) held in Adelaide on 5 to 7 September. I'm glad to report that for the third consecutive year Australia retained the title amongst very strong competition from New Zealand. For the second consecutive year, this year's winner was Justin Nickerson of Queensland. Also for the second year, the national event held the Australasian Auctioneering Schools Championship which again was won by a Tasmanian – this time by Andre Briffa of Launceston Church Grammar School.

The REIA looks forward to next year when the Real Estate Institute of New Zealand will host the Championships.

Following on from the articles in the last two REIA News on the journey the REIA has embarked on towards professionalism, this month we have the third in that series. This month there are three articles.

Improving the professionalism of the sector requires a multifaceted approach encompassing higher levels of qualifications, cpd, standard of training, including accreditation, harmonisation, and working towards membership of the professional standards authority.

The journey to professionalism also requires individuals to be champions of the approach. These champions will come from the many contestants in the state and territory Awards for Excellence which are being held by the REIs across Australia over the two months.

I had the honour and pleasure of attending REIWA's Awards which were held in conjunction with a conference at which approximately 500 property managers and 800 sales staff attended.

The individuals and agencies competing for these awards set new benchmarks in customer service and contribute to best practice in real estate sales and management.

This month there are two helpful articles from the ATO on small business concessions. The first outlines overall concessions and the second goes into greater detail on CGT arrangements for small business.

I hope you enjoy reading this month's edition.

Mr Malcolm Gunning
REIA PRESIDENT



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AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS

ALL ROUND BACK TO BACKS

7 SEPTEMBER 2017

The Real Estate Institute of South Australia hosted a spectacular two days of auction heats and finals at the Australasian Auctioneering Championships which culminated in the crowning of Queensland's Justin Nickerson as Australasia's best auctioneer for the second year in a row.



JUSTIN NICKERSON • QLD

WINNER

2017 Australasian
Real Estate Institutes'
Auctioneering
Championships

REIA President, Malcolm Gunning said "Congratulations to Justin and Queensland – in their back to back victories – for their stunning performance in the 2017 Australasian Auctioneering Championships. This is the first time an Australian has won two titles and the third time in the history of the event an auctioneer has gone back to back. Congratulations to all the finalists this year: Mark McGoldrick, NZ; Ned Allison, NZ; Bronte Manuel, SA; and Clarence White, NSW – who came runner up. The depth of auctioneering talent

on display was exceptional and really demonstrated that we have some of the best auctioneers in the world."

For the second year, the Championships also incorporated the Australasian Auctioneering Schools Championship.

"Well done to Tasmania's Andre Briffa on his fine win in the Australasian Auctioneering Schools Championship. Just like Queensland in the Seniors Competition, Tasmania now has back to back wins in the Schools Competition. Andre did his school,

Launceston Church Grammar School, his State and Australia proud and we will certainly see him in the senior event in the near future. Congratulations also to South Australia's Bailee Ha who received the Trustee's Encouragement Award."

"It was also fantastic to see the other students strut their stuff across the stage – and all their schools should be proud of their talented young students."

"I am proud that South Australia put on such a good show. Just like the 18 competitors, it was simply the best of the best" Mr Gunning said.

AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS

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7 SEPTEMBER 2017



1. The 2017 Finalists, (left to right): Bronte Manuel (SA), Justin Nickerson (Qld), Ned Allison (NZ), Clarence White (NSW) and Mark McGoldrick (NZ)
2. Andre Briffa (left), winner of the Schools Auctioneering Championship with Justin Nickerson (right), winner of the Australasian Real Estate Institutes' Auctioneering Championships 2017
3. David Howell from REI Forms Live (left) presenting the trophy to Justin Nickerson (right), winner of the Australasian Real Estate Institutes' Auctioneering Championships 2017

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AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS

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1. Gary Thomas (left), Past President of the US National Association of Realtors; Tim McKibbin (centre), CEO, REINSW; with Malcolm Gunning (right), President REIA
2. The Gala Dinner at the Museum of South Australia at which the winners were announced
3. The trophies for the Australasian Champion and the Schools Champion



PATH TO PROFESSIONALISM PART 3

This article is brought to you by **John Cunningham** President, REINSW and REIA Board Member



RAISING THE BAR ON EDUCATION

“Upon the subject of education ... I can only say that I view it as the most important subject which we as people can be engaged in.” So said Abraham Lincoln – and it’s a sentiment we need to wholeheartedly embrace as our industry seeks to evolve into a profession.

Ten years. Ten long years. That’s how long it’s taken for the NSW Government to recognise that a brake needs to be put on the downward spiral of education standards in the real estate industry. And not just a brake – an emergency brake!

In years gone by agents had to complete a part-time course over two or three years to gain their qualification. It was long. It was rigorous. And it took a lot of work. Oh, how times have changed. Rather than years, it’s now days. Today, after completing a two or three day course, someone who has no previous real estate experience can apply to NSW Fair Trading for their Certificate of Registration and start working in our industry.

Everyone in NSW has some association, direct or indirect, with property. Our industry, through property taxation, is the NSW Government’s single biggest revenue generator. It’s the engine room of our economy. Yet the education levels of those serving the industry have been left to languish.

Over the last decade, REINSW has been relentless in its lobbying efforts to improve education standards for the real estate industry.

Higher education standards are one of the elements at the core of our industry’s evolution into a profession and we know that raising the bar on education will result in far better outcomes for consumers, the industry and the market.

But as we’ve been calling for higher standards, the government has instead progressively removed all barriers to entry into our industry in their pursuit of exclusively serving the interests of competition.

We support competition as an essential market force and as a mechanism for quality service. But equally, we strongly believe that competition must be competent.

The current training regime has certainly achieved increased competition. However it’s also had the effect of diluting the aggregate knowledge, skills and competencies of the profession to the detriment of the property consumer.

PATH TO PROFESSIONALISM

PART 3

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Government and industry working together

Despite repeated calls from REINSW, agents and other industry stakeholders over many years, the NSW Government failed to take action.

That all changed when the former Minister for Innovation & Better Regulation Victor Dominello acknowledged it was time for meaningful reform. “The industry needs to raise standards. There’s no doubt about it,” he said when he addressed delegates at the REINSW Industry Summit on 27 November 2015.

From his very first meeting with REINSW CEO Tim McKibbin and then REINSW President Malcolm Gunning in mid-2015, the Minister has been comprehensively apprised of the need for wholesale education reform in the real estate industry. Taking REINSW’s representations onboard, as well as those from other key industry stakeholders, the Minister set about putting together a once-in-a-generation

reform package to lift education standards in the real estate industry.

Promising to work in partnership with REINSW, in early 2016 Minister Dominello directed NSW Fair Trading to establish an independent four-person panel to review existing training standards within the property industry. Members of the panel were nominated by industry stakeholders, including REINSW.

In its Discussion Paper for the review, NSW Fair Trading said: “If the key role of an agent is to appraise the potential sale and leasing price of a property and to recommend a listing price, a certain level of skill is needed to perform the task.” REINSW outlined its views about increasing and improving education standards at all levels of the profession in its submission in response to the Discussion Paper. (You can download a copy of the submission at reinsw.com.au/submissions)

We spent a lot of time discussing our proposed training framework with both Fair Trading and Minister Dominello. The Minister recognised the clear need

for raising education standards and, on 5 November 2016, he announced a training reform package incorporating many of our recommended changes.

These reforms will establish a path for the future of the industry by raising standards of education and improving skills and professionalism, while maintaining appropriate consumer protections.

Importantly, the reforms were developed by the government in close partnership with REINSW and will ensure NSW produces the highest quality agents in the country.

We’re looking forward to working hand in hand with the government as we navigate the path forward.

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PATH TO PROFESSIONALISM PART 3

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Douglas Driscoll
CEO, Starr Partners



AN AGENT'S VIEW: IT'S NOT A PINK SLIP!

The education standards at present for our industry are average at best. If our goal is to be recognised as a profession – if we want to be mentioned in the same breath as lawyers, accountants and other professionals – we need to take our education standards more seriously.

Whereas once it was about 'what can I learn', these days it's about 'how quickly can I do it'. It's just not good enough. We need to get serious.

A Certificate of Registration is not a pink slip. Becoming an agent is not akin to rocking up to your local garage, sipping on an awful cup of coffee and waiting a half hour while they give your car a quick once over. Becoming an agent needs to involve much more than that. It's a significant step. It's a commitment.

I'm not for a minute suggesting that we aim for a standard that only the academically gifted can achieve. Not at all. To do that would mean our industry would miss out on some of its most suited participants.

But we have to stop looking at ourselves in the mirror. As an industry, we spend a lot of time looking in the mirror – pumping ourselves up and telling ourselves how good we are. And we do training that feeds that mentality.

It's time to convert those mirrors into windows. We need to start looking beyond ourselves. We need to look outwards. What does the

market expect from us and how can we add value to the client relationship and the transaction?

What it ultimately comes down to is that we need to invest in ourselves. We need to invest time and effort in our own education on an ongoing basis. Only by doing that can we elevate ourselves and truly add value.

Why should a consumer be prepared to invest in us if we're not willing to invest in ourselves?

Getting back on track

Raising the level of qualifications required to become and remain a real estate agent will have a number of positive flow-on effects.

Once we raise education standards, we'll start to see a higher calibre of agent enter and remain in the industry. Right now, the divide between the best agents and 'the rest' is too great. We need to close the gap and have consistent, high standards of education and practice across the industry.

As a consequence of these higher standards, the client experience will improve. I want to see excellence in

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PATH TO PROFESSIONALISM

PART 3

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service as an industry standard. Why do real estate agents always rank so low in terms of consumer opinion? The main contributing factor must be because, in general, they have a poor experience when dealing with the industry. They don't see us, on the whole, as acting professionally.

We have the opportunity to rapidly change this negative consumer sentiment.

There's certainly no shortage of experts who are willing and able to provide us with the tools and knowledge we need to succeed. So why have things gone so incredibly wrong? How have we managed to go so far off track?

One fundamental thing has been missing: education standards. The myriad of quickie entry-level and qualification courses that are available have failed to address the critical issue of essential foundation knowledge. Without a strong foundation of knowledge, the development of other essential skills is fundamentally flawed.

And experience counts too.

There needs to be a marriage between theoretical learning and the knowledge and experience a person gains on the job. Learning isn't the product of teaching alone. It's also the product of on-the-job experience.

If someone doesn't have the benefit of theory, then they'll do what they've been shown but won't understand why they're doing it. Equally, if there's an absence of practical experience, they'll understand what needs to be done but won't know how to do it.

Experience counts and each level of education should ensure an adequate balance between theoretical knowledge and practical experience.

Taking it a step further, an important part of what agents do is sharing knowledge with clients.

These days, consumers have access to so much information. It's freely available. Part of an agent's value comes from being able to turn that information into a consumable product. To do this, we need additional knowledge and that knowledge comes from education.

Consumers are sophisticated and we need to respond to this by demonstrating our expertise and sharing our knowledge to help guide them through the transaction. This means we have to not only improve our traditional entry-level and ongoing education standards, but also extend our range of knowledge to those other areas that impact the property.

All of this together will help position us at a professional level.

Education is key to professionalism

The Professional Standards Councils, with its agency the Professional Standards Authority, is the independent statutory body responsible for promoting professional standards. They use the 5 Es to define the elements that are necessary to qualify as a profession.

Education is the second E and to be recognised as a profession we must demonstrate that our education standards equip agents with both the technical and professional expertise necessary to effectively discharge our responsibilities.

The reform package is a giant step forward. We'll continue to work closely with the government to ensure the package is not diluted.

The overwhelming majority of issues that attract the attention of the regulator and aggravate consumers can be resolved by substantially improving education standards.

Education is at the core of everything we do as agents. We have to be skilled professionals who deliver an invaluable service, one for which we're paid according to the value we add.

With the right entry-level and ongoing education standards in place, we can deliver great advice, a great experience and a great result. That's what our clients should rightfully expect from us as professionals.

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PATH TO PROFESSIONALISM PART 3

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Dr Deen Sanders
CEO, Professional
Standards Authority



THREE LEVELS OF EDUCATION

CEO of the Professional Standards Authority, Dr Deen Sanders, explains how education standards differ when it comes to a profession.

When we think about education in the context of professionalism, we need to cast our minds further than our traditional idea of entry-level qualifications.

Every profession requires entry-level qualifications. These are the formal, qualifying components someone needs to complete to practise in their field. Lawyers need to complete a law degree. Doctors need to complete a medical degree. In the case of real estate agents, you need to complete a certificate of registration course or a licensing course.

By completing the qualifying course of study – the first layer of education – you're able to practise. But to be a recognised professional, your education must go beyond this.

Body of knowledge

The word 'profession' describes a community of people who position themselves as possessing special knowledge and skills in a recognised body of learning derived from education at a high level. They have a specialist 'body of knowledge' that differentiates

them from both the 'unqualified' and also those who are 'just qualified'.

This body of knowledge comes from undertaking an additional professional education component, distinct from the underpinning qualification required to practise.

People often think that the completion of a qualification means someone has the right to identify themselves as a professional. While it's not illegal to use the word 'professional', it's gilding the lily for someone with only basic qualifications and limited experience to claim that status. Qualifications are an important control that allow someone to practise in their field, but it doesn't make them a professional. To be considered a 'professional', they need to meet a number of other conditions.

Dr Sanders points to the accounting profession as an example.

A person may have completed an accounting degree, which allows them to leave university and start work as an accountant but they still need to complete a further practical course – a professional education program

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PATH TO PROFESSIONALISM

PART 3

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– in order to gain entry into the professional community and be recognised as a Certified Practising Accounting or Chartered Accountant.

It's a second layer of education, one that's constructed by negotiation and consultation with the profession themselves, and it includes the knowledge and skills the community of practitioners deem necessary to operate at a professional level.

Continuing education

But it doesn't stop there. There's a third layer. To maintain professional status, education must be ongoing.

Professional development is a lifelong experience – so what education do you need on an ongoing basis to ensure you remain competent to remain in the profession? Typically, CPD programs require mandatory education about regulatory compliance and other legal issues. But a strong professional continuing education system incorporates a far wider variety of elements to build professional competence.

These elements include such things as:

- 1 Capability:** The technical, legal, product and industry knowledge that it takes to advise clients and run a business.
- 2 Attributes and performance:** Skills in building professional relationships and improving professional performance.
- 3 Professional conduct:** All the skills and knowledge that go into making good, informed and client-centred decisions.
- 4 Ethics:** The ability to deal with moral and conflict of interest issues.
- 5 Critical thinking:** The skills to process complex information and create new solutions.
- 6 Reflective practice:** The skills to develop yourself and others, and to think about the professional and personal needs of others as well as your own.
- 7 Inter-dependence:** Engagement with the profession, the industry and peers in ways that instil consumer confidence.

Different roles

The government and the profession each have different roles when it comes to education.

It's the government's role to encourage more people into the marketplace. It's the profession's role to differentiate those people. Think of it in terms of a swimming pool. The government's role is to make sure that anyone who wants to swim can get into the pool, and we can all be confident they will be safe and there's a lifeguard to keep an eye on everything. But it's up to the profession to identify the strength of different swimmers, so only the best swimmers are allowed to swim at the deep end and there are additional lifeguards to assist.

Source: The Real Estate Institute of New South Wales

http://www.reinsw.com.au/Web/Members/Real_Estate_Journals/201705/Raising_the_bar_on_EDUCATION.aspx

REIA
Real Estate Institute of Australia

Real Estate Market Facts

A QUARTERLY REVIEW OF MAJOR PROPERTY MARKETS IN AUSTRALIA, JUNE QUARTER 2017

GROWTH IN OWNER OCCUPIER AND INVESTOR FINANCE CONTINUES PRICE INCREASE

Fast facts
June quarter 2017
\$768,227
Quarterly Australian weighted median house price
\$604,456
Quarterly Australian weighted median other dwellings price

In the June quarter 2017, median prices increased in the Australian residential property market. The weighted average capital city median price increased by 1.8% for houses and 2.9% for other dwellings. The weighted average median house price for the eight capital cities is now \$768,227. Over the June quarter, the median rent for three bedroom houses increased in Canberra but decreased in all other capital cities. In the 12 months to the June quarter, the median rent increased in Hobart, Canberra, Sydney, Adelaide and Melbourne, remained stable in Brisbane and decreased in Perth and Darwin.

REIA
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Housing Affordability Report

AdelaideBank
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June quarter 2017

Rental affordability improved across the country

State of the nation
The June quarter 2017 showed a decline in housing affordability nationally with the proportion of income required to meet loan repayments increasing to 31.4%, an increase of 1.0 percentage point over the quarter and an increase of 0.2 percentage points compared to the corresponding quarter of 2016. Over the quarter, housing affordability declined in the states and improved in the territories.

Lending trends
The total number of loans (excluding refinancing) increased to 113,439, an increase of 9.6% over the June quarter and a 1.6% increase compared to the same quarter of the previous year. Over the quarter, all states and territories recorded increases in the total number of loans (excluding refinancing) except for Tasmania.



NATIONAL MARKET SNAPSHOT

EXTRACTED FROM REAL ESTATE MARKET FACTS
JUNE QUARTER 2017

- ▶ *Quarterly Australian weighted median house price is \$768,227*
- ▶ *Quarterly Australian weighted median other dwellings price is \$604,456*

Median house prices up:

| | |
|-----------|---------------------|
| Hobart | 4.9% to \$430,000 |
| Canberra | 3.1% to \$650,000 |
| Melbourne | 2.9% to \$822,000 |
| Sydney | 2.3% to \$1,194,247 |
| Brisbane | 2.0% to \$515,250 |
| Darwin | 1.9% to \$540,000 |

Median house prices down:

| | |
|----------|-------------------|
| Adelaide | 2.0% to \$451,000 |
| Perth | 1.9% to \$505,000 |

Median other dwelling prices up:

| | |
|-----------|-------------------|
| Sydney | 2.9% of \$764,364 |
| Melbourne | 4.3% of \$606,500 |
| Darwin | 9.3% of \$470,000 |
| Adelaide | 5.3% of \$358,000 |
| Hobart | 1.9% of \$315,000 |

Median other dwelling prices down:

| | |
|----------|-------------------|
| Canberra | 1.6% of \$433,000 |
| Perth | 2.2% of \$410,000 |
| Brisbane | 2.2% of \$400,000 |



NATIONAL AFFORDABILITY SNAPSHOT

EXTRACTED FROM ADELAIDE BANK/REIA HOUSING AFFORDABILITY REPORT, JUNE QUARTER 2017

| | Jun 2017 | Mar 2017 | Jun 2016 |
|---|----------|----------|----------|
| Proportion of family income to meet: | | | |
| Home loan repayments | 31.4% | 30.4% | 31.2% |
| Rent payments | 24.3% | 24.9% | 24.8% |

- NSW** NSW had the largest percentage increase in loan repayments.
- VIC** The number of new home loans to first home buyers increased by 10.1% in Victoria.
- QLD** Affordability improved for rents but declined for loan payments in Queensland.
- SA** South Australia had the largest decline in average loan amounts to first home buyers.
- WA** 33.7% of new housing loans in Western Australia went to first home buyers.
- TAS** Tasmania has the lowest average loan amount to new home buyers.
- NT** NT housing and rental affordability improved over the quarter and the year.
- ACT** ACT recorded the largest increase in new home loans (15.5%).



AUSTRALIAN TAX OFFICE TAX CONCESSIONS

CONCESSIONS AT A GLANCE If you are a small business, use this table to find out what concessions you can access based on your turnover. The concessions have various start dates beginning from 1 July 2016.
Note: Most concessions have additional eligibility requirements.

SMALL BUSINESS CONCESSIONS

Deductions

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|---|--------------------------------|---|--|
| Simplified depreciation rules – instant asset write-off | Yes | Yes | Yes |
| Accelerated depreciation for primary producers | Yes | Yes | Yes |
| Deductions for professional expenses for start-ups | Yes | Yes | Yes |
| Immediate deductions for prepaid expenses | Yes | Yes | Yes |

Calculating and paying income tax

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|--|--------------------------------|---|--|
| Company tax rate cut for small businesses | Yes | Yes | Yes |
| Increased small business income tax offset | Yes | Yes | No |
| PAYG instalment concession | Yes | Yes | Yes |

Simplified record keeping

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|--------------------------------|--------------------------------|---|--|
| Simplified trading stock rules | Yes | Yes | Yes |
| Two-year amendment period | Yes | Yes | Yes |

GST, BAS and excise

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|---|--------------------------------|---|--|
| Simpler BAS | Yes | Yes | Yes |
| Accounting for GST on a cash basis | Yes | Yes | Yes |
| Annual apportionment of GST input tax credits | Yes | Yes | Yes |
| Paying GST by instalments | Yes | Yes | Yes |
| Excise concession | Yes | Yes | Yes |

AUSTRALIAN TAX OFFICE TAX CONCESSIONS

» *continued*

Capital gains tax (CGT)

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|---|--------------------------------|---|--|
| Small business restructure rollover | Yes | Yes | Yes |
| CGT 15-year asset exemption | Yes | No | No |
| CGT 50% active asset reduction | Yes | No | No |
| CGT Retirement exemption | Yes | No | No |
| CGT Rollover | Yes | No | No |
| Contributions of small business CGT concession amounts to your super fund | Yes | No | No |

Fringe benefits tax (FBT)

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|------------------------------------|--------------------------------|---|--|
| FBT car parking exemption | Yes | Yes | Yes |
| FBT work-related devices exemption | Yes | Yes | Yes |

Superannuation

| Concession | Turnover less than \$2 million | Turnover \$2 million to less than \$5 million | Turnover \$5 million to less than \$10 million |
|---|--------------------------------|---|--|
| Superannuation clearing house | Yes | Yes | Yes |
| Contributions of small business CGT concession amounts to your super fund | Yes | No | No |

See also:

- What's new for small business
- Income and deductions for business

Last modified: 01 Sep 2017

Source: Australian Taxation Office

For more information:

<https://www.ato.gov.au/Business/Small-business-entity-concessions/Concessions/Concessions-at-a-glance/>



AUSTRALIAN TAX OFFICE SMALL BUSINESS CGT CONCESSIONS

Small business CGT concessions – A sole trader perspective

When you sell your business, in addition to claiming the general 50% CGT discount you may be eligible to apply the small business CGT concessions to defer or further reduce the capital gain you make if the asset you dispose of is an [‘active asset’](#).

The small business CGT concessions are:

- [15-year exemption](#)
- [50% active asset reduction](#)
- [Retirement exemption](#)
- [Rollover](#)

Basic conditions

To be eligible for these concessions you must first meet several basic conditions. You must satisfy one of the following:

- you are a [small business entity](#) with an aggregated turnover of less than \$2 million.
- you have net assets of no more than \$6 million. Find out more: [Maximum net asset value test](#)

Applying the concessions

You can apply as many concessions as you’re entitled to until the capital gain is reduced to nil. This choice allows you to achieve the best tax result for your circumstances. There are rules about the order in which you apply the concessions, any [current year or prior year capital losses](#), and the [CGT discount](#).

Find out more: [Choosing and applying the concessions](#)

15-year exemption

If you are aged 55 or older and are retiring or are permanently incapacitated, and you have owned an active asset for at least 15 years, you can entirely disregard the capital gain when you sell the asset. You do not need to apply any other concessions or the general 50% CGT discount. Also, you don’t have to apply capital losses against your capital gain before applying the small business 15-year exemption.

You may be able to contribute the amount from this exemption to your super fund without affecting your non-concessional contributions limits.

Find out more: [15-year exemption](#)

AUSTRALIAN TAX OFFICE SMALL BUSINESS CGT CONCESSIONS

» *continued*

50% active asset reduction

If you are not eligible for the 15-year exemption, the small business 50% active asset reduction may apply so you can reduce your capital gain by 50%. This reduction is in addition to the general 50% CGT discount if you've owned the active asset for 12 months or more.

Unlike the other concessions, the 50% active asset reduction applies automatically if the basic conditions are satisfied, unless you choose for it not to apply.

Find out more: [50% active asset reduction](#)

Retirement exemption

You may choose to disregard all or part of the capital gain you make when you dispose of an active asset under the small business retirement exemption (up to a lifetime limit of \$500,000) if you satisfy certain conditions:

you keep a written record of the amount you chose to disregard (the CGT exempt amount), and

if you're under 55 years old just before you choose to use the retirement exemption, you make a personal contribution equal to the CGT exempt amount to a complying super fund or retirement savings account (RSA).

There are rules around when you are required to make the contribution into a complying super fund or RSA.

Find out more: [Retirement exemption](#)

Rollover

You can defer all or part of the capital gain you make when you dispose of an active asset until a later income year under the small business rollover if you buy a replacement asset or improve an existing one.

You can choose to obtain a rollover even if you have not yet acquired a replacement asset or incurred expenditure on making capital improvements to an existing asset. The replacement asset can be acquired one year before, or up to two years after, the last CGT event in the income year for which you chose the rollover. We call this the 'replacement asset period'.

Further CGT events will happen, and a capital gain will arise in a later income year, if you previously chose the rollover and certain conditions are not met by the end of the replacement asset period.

Find out more: [Rollover](#)

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AUSTRALIAN TAX OFFICE SMALL BUSINESS CGT CONCESSIONS

» *continued*

Example – Putting the concessions into practice

Ken is a small business sole trader who sells an active asset that he has owned for more than 12 months. He makes a capital gain of \$20,000. Ken also has a separate capital loss of \$4,000. Assuming he satisfies all the conditions for the general 50% CGT discount and the small business 50% active asset reduction, Ken calculates his net capital gain as follows:

| | |
|---|----------|
| Capital gain | \$20,000 |
| Capital loss | \$4,000 |
| Take the loss away from the gain | \$16,000 |
| Apply general 50% CGT discount ($\$16,000 \times 50\%$) | \$8,000 |
| Apply 50% small business active asset reduction ($\$8,000 \times 50\%$) | \$4,000 |
| Reduced capital gain | \$4,000 |

Ken will include \$4,000 in his tax return as assessable income. Ken may be able to further reduce his \$4,000 (reduced) capital gain by using the small business retirement exemption and small business rollover if he satisfies the conditions for those concessions.

Source: Australian Taxation Office



ASIC'S MONEYSMART TIPS FOR HOME BUYERS

ASIC has launched a series of videos to help consumers make MoneySmart decisions when buying a home.

TV personality Shelley Craft hosts five videos featuring essential tips on the key decisions involved with a buying a home including:

- How to get a home loan;
- Working out how much you can afford with a mortgage;
- Saving to buy a home;
- Understanding the hidden costs of buying a home and;
- Being a guarantor for a home loan.

“For many people, buying a home is likely to be their biggest investment. We encourage home buyers to take the time to understand their individual financial position and be aware of what they are committing to with a home loan. And it is always a good idea to shop around for the best deal”, said Peter Kell, ASIC’s Deputy Chairman.

“It can be challenging to build a home deposit, a good place to start is to create a budget to understand how much you can comfortably afford to save, borrow and repay. ASIC’s MoneySmart offers a range of useful calculators and resources, including the savings goals and mortgage calculators, to help Australians take

control of their money and reach their savings goals”, added Mr Kell.

Shelley Craft emphasised the importance of the issues addressed in the video series including the real costs involved with buying a home, saving for a deposit, the first home owner grant, interest rates and mortgage repayments.

“Buying a home is full of excitement but it can also be stressful, especially the financial aspects”, said Shelley Craft, “it’s important to take your time, consider all your options and be sure to ask lots of questions, so you understand what you’re signing up for”.

“Don't rely on just one source when you're shopping around for a home loan because saving even half a percent on the interest rate can save you thousands of dollars over time”, added Ms Craft.

To see ASIC’s financial tips for home buyers visit ASIC’s MoneySmart [website](#).

Source: Australian Securities & Investments Commission

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VALE

RUSSELL JACKSON



Former REINSW President Russell Jackson sadly passed away on 30 August 2017.

Russell, who was President of the REINSW from 1974-75, set up a real estate business in Ryde in 1957, before stepping down in 1991, and continuing as a valuer for 15 years.

His son Stephen took over the business, Jackson & Rowe, in 1991 and said of his father: "Dad loved the REINSW, the comradery and the argument of ideas and ideals.

"For him real estate wasn't so much about business and ambition, it was a way of engaging with people, making friends and learning.

"He adored the REINSW and its ethics. He was known by fellow board members for many things. A sharp mind and a vocabulary that required others the use of a dictionary if you were ever going to argue with him.

"He was also well known for being consistently unable to ever turn up on time for anything. He had a nickname by some of his peers as the Late Russell Jackson. He'd smile with the irony of that moniker now."

Russell was made a Life Fellow of the REINSW in 1988. An article in the Real Estate Journal from that year said of Russell:

"Russell joined the Real Estate Institute of NSW in the year he commenced trading, and has been active in all Divisional affairs.

"He was elected to the Board of Management of the Institute in 1966, and in 1972 was then elected President. He and Max Sewell were founders of the Real Estate Institute of ACT, in response to a request from Canberra estate agents who were at that time members of the NSW Institute.

"Russell Jackson was elected NSW representative to the REIA in 1973 and has served on its executive since 1977. In 1985 he was elected to the Council of Auctioneers and Agents. He is an active member of the Board of Management and of committees of the Real Estate Institute of NSW."

REINSW extends its condolences to Russell's family and friends.

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FIABCI



NEWS

A lively contingent of 31 Australians attended the FIABCI World Congress in Andorra in May. They were led by the recently elected FIABCI Australia World President Samantha Payne from LJ Hooker, Subiaco, in Perth, Western Australia.

With a Congress theme of Smart cities – Smart Buildings there was equal opportunity for registrants to participate in an enlightening professional program as well as a vibrant social program.

The theme carried out over the Congress days with an impressive line up of speakers addressing how smart cities and buildings are shaping the urban agenda and the role of the real estate professional

The speakers gave insight on how new technologies, including social media and the Internet are changing the way we do business.

For more information on the global activities of FIABCI – www.fiabci.org

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To participate kindly fill out the registration form, which is also available for download at: www.fiabciprix.com and send it to us at: prixevents@outlook.com on or before 15 November 2017.

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INDUSTRY UPDATE

Industry news from around Australia



Summit commits to professionalism

A stellar line-up of the industry's most influential and respected agents spoke about the Pathway to Professionalism at REINSW's Future Agent Summit at the Sydney Mint on Friday 1 September.

REINSW, in association with the Real Estate Institute of Australia, is working with some of the industry's leading agents to create a new nationally recognised Professional Standards Scheme that will change real estate practice forever. Find out more [here](#).

Speakers at the Summit included Alexander Phillips, Caroline Bolderston, John McGrath and Shannan Whitney. A panel of Andrew Lutze, Jesse Davidson, Leanne Pilkington, Lynette Malcolm, Suzie Reid and William Phillips also participated.

REINSW President John Cunningham said: "There is only one path real estate can take, the path to professionalism, and we can start that process today. We don't have to wait for the scheme to be approved. The biggest hurdle is complacency because for too long the industry has ignored the changes.

"We need to reinvent ourselves collectively and go on the offensive to deliver to the consumer the service expectations they deserve and desire. Then we can create a real difference between being an agent and being a true property professional.

"It starts with education, knowledge, application, and know how, and progresses to ethics, integrity, respect and sustainable success.

"It is about creating a recognised skilled professional who is guided by a set of ethics, operates with integrity,

is respected and shows respect, and is successful both by design and desire."

How do we get there?

The journey for real estate to become a profession should be finalised by the end of 2019. The next stage in the process is extensive consultation with the industry and community throughout 2018.

A Property Professionals Advisory Group made up of some key industry individuals has been set-up to determine the framework that needs to be put in place to achieve the ultimate goal.

The group has been tasked with examining and considering the five critical elements defined by the Professional Standards Authority as being necessary for the industry to qualify as a profession: ethics, education, experience, examination and entity.

Find out more about the group [here](#).

Source: REINSW

Rushed legislation unattractive to landlords

New long-term residential tenancy legislation does not provide adequate protections for landlords and will place their investments at risk, the Real Estate Institute of Victoria has warned.

REIV CEO Gil King said the Government has rushed the Residential Tenancies Amendment (Long-Term Tenancy Agreements) Bill 2017, failing to take into consideration the opinion of supply side stakeholders.

"The legislation will cap bonds to the equivalent of four weeks rent, which is inadequate protection for a home which may be tied up for potentially a decade. In fact, four weeks' bond is less than what is currently being obtained for many one-year leases in the Melbourne market.

"Given the median house price in Melbourne is currently \$822,000, a rental property is a significant financial asset for landlords and all future legislation needs to benefit all stakeholders – not just tenants.

"Without adequate protections for landlords, long-term leases will remain unattractive in the private rental market, rendering this legislation ineffective in improving security of tenure for tenants.

"This rushed legislation will also negatively impact on tenants seeking stability, with a lack of incentives and protections unlikely to encourage landlords to offer long-term lease agreements.

"While the majority of tenants do the right thing, landlords and property managers represent around 60,000 applications at VCAT every year – the majority of which are for rent arrears and possession.

"There are many cases when a tenant is more than three months' in arrears before VCAT will grant the landlord a possession order. A four week bond will leave landlords significantly out of pocket in these instances."

Source: The Real Estate Institute of Victoria

INDUSTRY UPDATE

Industry news from around Australia



» *continued*

Exciting times for Top End

After living through some of its worst years in modern history, the Top End's real estate market has begun to bounce back out of the doldrums.

Rents have gone down, the first-home buyers' scheme has been kept by Labor and median house prices have fallen.

These attractive prices have helped bring buyers back on to the scene and inject some life into the market this year.

From Palmerston to Darwin's northern suburbs and the CBD, real estate agents and industry experts have relayed positive – if warily realistic – news from the Territory housing market frontline.

As Real Estate Institute of NT chief executive Quentin Kilian put it: "The real estate market is people-dependent. People are the lifeblood of our economy, none more so than a small community like ours."

Darwin is the fastest-growing capital city in the country, according to recently released Census data.

That means there are more new families heading North to start a life in the Top End, where they can potentially enjoy all the luxuries on offer – from seaside strolls at Fannie Bay to a relaxed life on a huge rural block at Howard Springs.

With affordable housing prices, these lifestyles are now more accessible for families to actually grasp than they have been for a long, long time. It's an exciting era to be in the Top End.

Source: NT News

Perth median house price and median rent hold firm in August

Perth's median house price and median rent have both remained stable in the three months to August 2017, with the median house price sitting at \$515,000, and the overall median rent resting at \$350 for the fourth month in a row.

REIWA President Hayden Groves said it was encouraging to see the median price remain firm across both sectors of the Perth property market.

"The stable medians are good news and indicate that seller's and landlord's expectations are matching those of buyers and tenants," said Mr Groves.

Sales activity

According to the latest reiwa.com data, listings for sale have continued to trend marginally lower over the past month, by one per cent. However, in comparison to three months ago, listings levels are lower by 10 per cent.

"The reduction of properties for sale should create a better balance between the supply and demand of Perth's overall housing stock.

"Traditionally in spring, there tends to be a lift in sales activity which means there is potential for the median house price to increase in the coming months as we see more demand for housing and increased competition from buyers," said Mr Groves.

Leasing activity

In the residential rental market, reiwa.com data shows stock has reduced by six per cent to 10,046 properties for rent,

with leasing activity up by eight per cent during the month of August.

"The boost in leasing activity is pleasing to see and has contributed to the declining trend in listings levels as rental stock gets absorbed due to the demand from tenants. This improved activity is also helping to keep the overall median rent in check at \$350 per week, stable for the fourth consecutive month, which is welcome news for landlords and property managers alike.

"With the warmer weather ahead, we should typically see both buyer and tenant activity levels increase. Together with the stabilising trends in median house and rent prices, the Perth property market is showing positive signs as we head into spring and summer," said Mr Groves.

Source: *The Real Estate Institute of WA*

MAKING NEWS

General national news



Appointments to the Property Agents Trust – Tasmania



Peter Bushby

Guy Barnett MP, Minister for Building and Construction, Tasmania congratulated and acknowledged the recent appointments to the Property Agents Trust.

The Trust is responsible for maintaining the Property Agents Guarantee Fund, which provides compensation to meet claims for loss suffered by people as a result of certain acts and omissions of property agents and managers.

The Governor has recently appointed a new Chair and a new member, as well as re-appointed an existing member.

The newly appointed Chair, Mr Anthony Laning, is a legal practitioner with 20 years experience, and who is a current partner of Ogilvie Jennings Lawyers and a member of the Commercial Law Committee of the Law Society of Tasmania.

The new member of the Property Agents Trust, Mr Peter Bushby, is a highly experienced property agent who has been working in the industry since 1973.

Mr Bushby is a fellow, past president and former Director of the Real Estate Institute of Australia, and is also a past President and current member of the Real Estate Institute of Tasmania.

The Governor has also re-appointed Ms Christine Gibson as a member of the Trust. Ms Gibson is a registered tax agent and has extensive experience as an accountant, and has been a member of the Trust since 1997.

All of the appointments are for three years, commencing on 18 July 2017.

Mr Barnett thanked the former Chair of the Trust, Ms Ann Cunningham, and former member Ms Kirsty Dunphey for their time spent on the Trust. He also acknowledged the service of Mr John Upcher, Chair of the Trust for over ten years until early 2017.

Source: Tasmanian Government

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POLITICAL WATCH

Information and news from government



Property investors to lose out from legislation changes

Treasury Laws Amendment (Housing Tax Integrity) Bill 2017 was introduced into parliament recently which included legislation changes which will negatively affect residential property investors across Australia.

Announced in the 2017 Federal Budget, the amendment denies tax deductions for the decline in value of 'previously used' or 'second hand depreciating assets' (plant and equipment) found within residential investment properties.

The new legislation will limit plant and equipment depreciation deductions to only those outlays actually incurred by investors in residential properties and those who purchase brand new investment properties.

"This change will have a major impact on investors, essentially reducing the annual deductions they can claim which in turn, reduces their cash return each year," said Chief Executive Officer of BMT Tax Depreciation, Bradley Beer.

"This could lead to investors being in a tighter financial position and may discourage investors from purchasing second hand residential properties in the future.

"These amendments will cause a financial disadvantage for property investors. The vast majority of whom are typical mum and dads, police, nurses and teachers who own one investment property. We will be treating them differently to investors in other asset classes.

"A transaction of a property between two parties will now extinguish

the ability to claim legitimate deductions," Mr Beer explained.

From July 1 this year, the depreciation of acquired second hand or previously used plant and equipment assets will be reflected in the cost base for capital gains tax purposes.

Existing investments will be grandfathered. Property owners who exchanged contracts to purchase their property before the 9th of May 2017 can continue to claim a deduction for depreciation on the plant and equipment items within the property until either the investor no longer owns the asset, or the asset reaches the end of its effective life.

Source: BMT Tax Depreciation

Watch out for NBN scams

The ACCC is warning the community that scammers are pretending to be from NBN to con victims out of their money and personal information.

Scamwatch has received 316 complaints this year about scammers impersonating NBN with nearly \$28,000 reported lost.

"Scammers are increasingly using trusted government brands like NBN to trick people into falling for scams. Their goal is always to either get hold of your money or personal information," ACCC Deputy Chair Delia Rickard said.

The three common scams reported to Scamwatch that involve scammers impersonating NBN are:

- **Signing victims up to fake accounts** – scammers will ring victims to 'connect' them to the NBN network for a low

price. They will often demand payment be made through iTunes gift cards.

- **Gaining remote access to computers** – scammers pretending to be from NBN will call a victim with claims there are problems with their computer. The scammer uses this ruse to gain remote access to the victim's computer to steal valuable personal information, install malicious software or demand payment to fix 'problems' they have discovered.
- **Phishing** – scammers impersonating NBN will call victims to steal valuable personal information like their name, address, Medicare number, licence number. The scammer may tell the victim they're entitled to a new router, for example, and say they need these personal details to confirm the victim's identity.

People can protect themselves by following some tips:

- If you're ever in doubt about contact you've had from someone saying they're from NBN trying to sell you an internet or phone service, hang up the phone and call your retail service provider to check if the person calling is a fraud.
- You can only connect to the NBN network by purchasing a plan through a phone and internet service provider. Go to [NBN's website \(link is external\)](#) to check if your home or business address is able to connect to the NBN network and see which phone and internet providers are available in your area.
- Never give your personal, credit card or online account details over the phone unless you made the call and the phone number came from a trusted source.

» *article continues*

POLITICAL WATCH

Information and news from government



» *continued*

- Never give an unsolicited caller remote access to your computer.

If you think you have provided bank account or credit card details to a scammer, contact your bank or financial institution immediately.

People can also follow [@scamwatch_gov](#) (link is external) on Twitter and subscribe to [Scamwatch radar alerts](#) (link is external) to get up-to-date warnings.

Source: Australian Competition and Consumer Commission

McGowan Government's first State Budget is positive for WA property owners

The McGowan Government has handed down its 2017-18 State Budget and has listened to the concerns of the WA property industry by not meddling with property taxes.

In the Treasurer's speech, the Hon. Ben Wyatt MLA advised the State Government did not consider increases to property tax for WA residents as part of their Budget repair measures, recognising the impact of the three consecutive land tax increases in previous Budgets.

REIWA Deputy President Damian Collins said given the McGowan Government had faced challenges when it came to the State's fiscal position, it was pleasing to hear there would be no increases to property tax for WA residents.

The Government is planning to introduce a four per cent foreign owner duty surcharge on purchases of residential

property by foreign individuals and entities from 1 January 2019. This is expected to create \$49 million in revenue by 2020-21.

"The introduction of a new foreign owner duty surcharge could hinder overseas property investment. Despite foreign investors only representing a small proportion of the WA property market, caution must be placed to ensure this section of the market does not reduce further.

"The Government expects to create revenue from this surcharge, however, it may only worsen the situation in terms of transfer duty revenue, as potential foreign investors may be less incentivised to purchase residential property in WA," said Mr Collins.

"REIWA welcomes the State Government's commitment to keep property taxes on hold for WA residents and whilst some of the reforms we recommended were not addressed in the Budget, we appreciate the current fiscal position," said Mr Collins.

Source: The Real Estate Institute of WA

Trend dwelling approvals rise 0.7 per cent in July

The number of dwellings approved rose 0.7 per cent in July 2017, in trend terms, and has risen for three months, according to data released by the Australian Bureau of Statistics (ABS) recently.

Dwelling approvals increased in July in the Australian Capital Territory (8.8 per cent), Victoria (1.0 per cent), Western Australia (0.8 per cent), South Australia (0.8 per cent), New South Wales (0.4 per cent) and

Queensland (0.2 per cent), but decreased in the Northern Territory (9.7 per cent) and Tasmania (1.0 per cent) in trend terms.

In trend terms, approvals for private sector houses rose 1.0 per cent in July. Private sector house approvals rose in Queensland (1.5 per cent), Victoria (1.1 per cent), South Australia (0.9 per cent) and New South Wales (0.8 per cent), but fell in Western Australia (0.1 per cent).

In seasonally adjusted terms, dwelling approvals decreased by 1.7 per cent in July, driven by a fall in private dwellings excluding houses (6.7 per cent), while private house approvals were flat.

The value of total building approved rose 1.3 per cent in July, in trend terms, and has risen for six months. The value of non-residential building rose 3.1 per cent while residential building was flat.

"The value of non-residential building approvals have risen for the past six months, in trend terms, reaching a record high in July 2017," said Daniel Rossi, Director of Construction Statistics at the ABS.

"The strength in non-residential building has been driven by approvals in New South Wales and Victoria, where a number of office and education buildings have been approved in recent months."

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

Source: Australian Bureau of Statistics

THE WORLD

Property news from around the world



House prices up around the globe led by annual growth of over 23% in Iceland

House prices in key countries around the world increased by an average of 5.6% in the year to June 2017, led by Iceland, the latest global property index shows.

Average prices increased by 23.2% in Iceland with the nation leading global growth for the third quarter in a row, according to the index report from international real estate firm Knight Frank.

Prices also increased steeply in Hong Kong with an annual rise of 21.1% in the second quarter, followed by a rise of 14.6% in Malta, 14.2% in Canada and 12.7% in both Turkey and the Czech Republic.

Overall prices increased in 49 countries out of the 55 covered by the index and the report says that economic fundamentals remain firm, unemployment is down and wages are rising, yet the number of homes for sale have declined for the past four years, indicating tighter housing markets.

The data from the index also shows that New Zealand slipped from third position in the rankings to tenth as annual price growth moderated to 10.4% and five of the top 10 rankings are occupied by European countries this quarter.

China's average price growth dipped marginally to 9.6% in the 12 months to June 2017 while a number of countries, including Japan, Morocco, Poland, Greece, Singapore and Ukraine saw prices fall and in Finland they were flat.

The report points out that both Iceland

and Hong Kong have seen their annual rate of price growth accelerate over the last three months, in Iceland's case from 17.8% to 23.2% and for Hong Kong, from 14.4% to 21.1%.

Home to a population of 344,000 and with only 130,000 homes, Iceland attracted more than 1.7 million foreign visitors in 2016. Such demand for accommodation led to a new law being introduced in January which requires those renting their homes for longer than 90 days, or generating a rental income of more than US\$9,500 per year, to obtain a special business licence.

The report suggests that Hong Kong's strong performance is perhaps counterintuitive given there have been three interest rate rises in the last year but like Iceland, strong demand and limited supply are behind its strengthening prices.

Local buyers in Hong Kong, along with mainland Chinese investors, are keen to hedge against the yuan's depreciation and Hong Kong remains Asia's strongest performing market over a 12 month period. However, an analysis over five years puts India out in front, recording average price growth of 70% compared to Hong Kong's comparable figure of 65%.

New Zealand and Canada, two countries whose housing markets have moved in tandem for the last few years, are now moving in opposite directions. New Zealand slipped from third position in the rankings to tenth.

China's average price growth dipped marginally to 9.6% in the 12 months to June. Reports suggest developers

are raising their sales targets for 2017, undeterred by policymakers' efforts to rein in speculative demand and control price inflation via a series of cooling measures. The world's other heavyweight in housing market terms, the US, saw average prices climb 5.8% over the 12 month period.

The report also points out that while 20 European countries saw their overall market's direction improve in the first quarter when compared with the previous quarter, in the second quarter only nine fell into this bracket. The UK with annual growth of 2.8% is towards the bottom of the table.

Source: PropertyWire.com

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