REIANEWS

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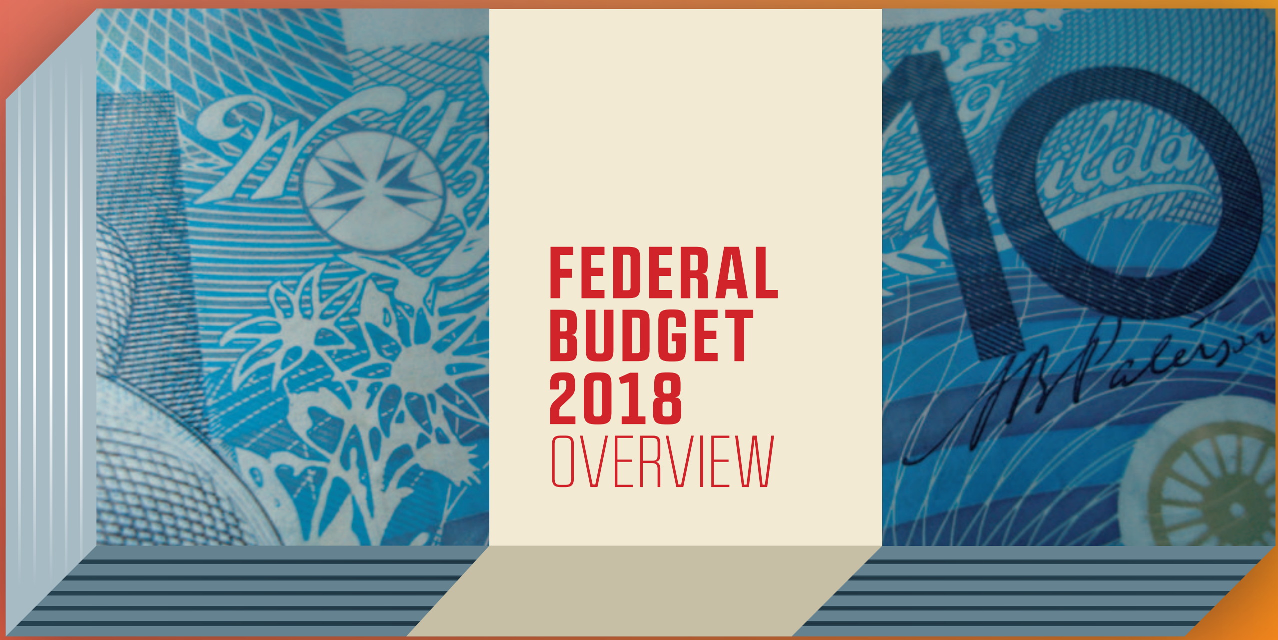

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INDUSTRY STAKEHOLDERS VIEW ON FEDERAL BUDGET

Mr Malcolm Gunning
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the May edition of REIA News, hot on the heels of the Government's Federal Budget announcements for 2018-19.

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

The boost to spending on infrastructure, the extension of small business concessions, and the retention of the current negative gearing as well as CGT arrangements for taxation of property investments will help ensure that the property sector remains an important contributor to economic growth.

Whilst investment in dwellings has peaked it is still a major driver of economic growth. The Budget's approach recognises the state of the property market and the impact that APRA's measures have had in cooling the market particularly in Melbourne and Sydney and the Treasurer has seen no reason to make any further adjustments.

With the Budget's proposed tax cuts expected to have a greater impact on regional areas and Sydney and Melbourne residents in search of more affordable housing leaving the capitals for nearby regional centres, we can expect regional economies to prosper.

Mr Malcolm Gunning
REIA PRESIDENT

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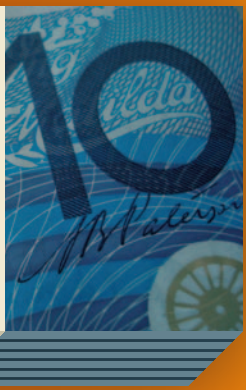
FEDERAL BUDGET 2018 OVERVIEW



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

Unlike the 2017 Budget which had affordability and housing supply as a centre piece there was nothing in this year's Budget that directly addressed these. The impact of the budget is, however, expected to be favourable for home buyers.

Whilst tax cuts and infrastructure spending can be expected to be expansionary the Budget is not expected to put pressure on interest rates as inflation is forecast to remain within the RBA's target zone. This expected interest rate stability comes at a time when housing prices in some of our major cities are showing signs of easing leading to improved affordability for home buyers.

It was however pleasing to see that the Government recognises the important role that the current taxation arrangements for negative gearing and Capital Gains Tax play in increasing supply, keeping rents affordable and easing the burden on social housing by leaving these unchanged.

Budget Overview

The Government describes this Budget as a plan for a stronger economy.

Across the four years of the forward estimates there will be a reduction in the size of the deficit from $18.2 billion in 2017-18 to a surplus of $2.2 billion in 2019-20.

Real GDP growth for 2018-19 is forecast at 3.0%, up from 2.75% for the current financial year and unemployment is forecast to decline to 5.25% from the present 5.5%.

Dwelling investment reduces from 2016-17 growth of 2.8% to -3.0% in 2017-18.

Main Budget Points

- New infrastructure spending on transport projects of $24.5 billion across all state and territories including nonmetropolitan areas.
- Income tax cuts for lower income earners. From 1 July 2018, the $87,000 threshold has been increased to $90,000. Those below the $90,000 threshold will have a cut of $530 per year. Other tax cuts will be phased in over six years.
- "Baby boomer" package to assist retirees particularly those on the pension
  - A scheme enabling people of pension age to release equity in their homes. The Pension Loans Scheme will be expanded so eligible retirees can support their incomes by up to $17,800 per annum for couples and $11,800 for singles
  - Funding for at least 14,000 extra home-care packages to help ease the current backlog of retirees wishing to age in their own homes
  - The Pensioner Work Bonus, will be extended so pensioners can earn more money without having their benefit affected. The Pensioner Work Bonus enables pensioners to earn up to $300 a fortnight, or $7,800 a year, without affecting their pension
  - Allowing recent retirees to make voluntary superannuation payments for a year after they are no longer working provided their super balance is below $300,000.
- A cap to stop tax revenue exceeding 23.9 per cent of the GDP

	2017-18	2018-19	2019-20
Underlying cash balance ($b)	-18.2	-14.5	2.2
% of GDP	-1.0	-0.8	0.1
GDP growth (%)	2.75	3.0	3.0
Unemployment rate (%)	5.50	5.25	5.25
Consumer Price Index (%)	2.0	2.25	2.5
Private investment, dwellings (% change)	-3.0	1.5	0

Housing

- No changes to negative gearing nor CGT
- No new measures to address housing affordability
- "Baby boomer" package to assist people stay in their homes for longer – refer to above Main Budget Points
- $550 million over 5 years on remote housing in the Northern Territory
- No longer allow deductions for expenses associated with holding vacant land from 1 July 2019.
- ABS to get funding ($1.2m pa) to construct better estimates of the stock of affordable housing.

Small to Medium Business

- The "instant asset write-off" due to expire on June 30, has been extended for at least one year to encourage investment and jobs growth. This allows owners with a turnover of less than $40m to claim an "instant" tax deduction on capital expenses worth up to $20,000 for use by 30-6-2019.

Black Economy

- A number of measures targeting organised crime and tax evasion through the black economy including a limit on cash transaction of $10,000.

REIA's Pre-Budget Submission and responses as contained in the Budget statements:

- Government takes a leadership role in taking a coordinated and holistic approach of all levels of government in objectively addressing all property taxes. Until all property taxes are addressed negative gearing and capital gains tax on property investments are retained in its current form.

  Negative gearing and CGT remain unchanged.

- Government establishes a scheme to encourage young Australians to have access to their superannuation for the purpose of raising a deposit for a first home.

  A scheme using pre tax salary-sacrifice contributions announced last year. This does not provide access to existing superannuation balances.

- Government takes 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

  Unchanged however savings scheme applies to both new and established dwellings.

- The appointment of a Minister for Property Services

  Not done.

- Ensure the availability of reliable data on housing demand and supply in order to formulate appropriate policies and to monitor their effectiveness.

  ABS to get additional funding for estimating stock of affordable housing. This will not however provide a complete picture of demand and supply.

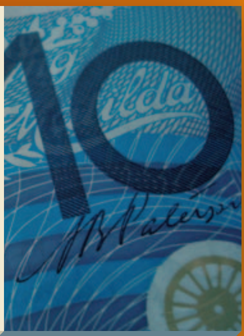
Concluding Observations

The overall economic impact of the Budget will be mildly expansionary, particularly for regional economies. A boost to infrastructure spending, modest improvements in household income, continued tax write offs for small to medium business and growth in employment can be expected.

The additional commitments to infrastructure projects come at a time when infrastructure construction activity together with non – residential building is already on a rebound. By contrast residential building activity having peaked is now in decline.

Whilst the "baby boomer" measures meet a much needed social need they will reduce the movement of retirees to other accommodation and thus a less than optimal use of current housing stock.

FEDERAL BUDGET 2018 OVERVIEW



WHAT THE POLLIES ARE SAYING

AUSTRALIAN LABOR PARTY

A Budget that puts big business before battlers

The Hon Chris Bowen MP – Shadow Treasurer

This unfair budget gives big business and the banks an $80 billion tax handout, and makes Australians pay for it with savage cuts.

- It fails the fairness test on pensioners – Turnbull is cutting the energy supplement, costing pensioners $14 a fortnight, and forcing people to keep working until they are 70.
- It fails the fairness test on education – Turnbull is still cutting $17 billion from schools, and has $270 million in new cuts to TAFE.
- It fails the fairness test on hospitals – Turnbull's cuts mean Australians will be stuck on hospital waiting lists for longer.
- It fails the fairness test on Medicare – Turnbull's freeze on the rebate for specialists means Australians will pay even more when they visit the doctor.

Budget confirms Turnbull Government has no answers on housing affordability and homelessness crisis

Senator The Hon Doug Cameron – Shadow Minister for Housing and Homelessness

Despite the Coalition's rhetoric on housing affordability and homelessness, the Turnbull Government's Budget has again failed to deliver the leadership required to address the nation's housing and homelessness crisis.

Turnbull and Morrison continue to ignore and disadvantage those young Australians seeking to purchase their first home by refusing to remove the distortions created by negative gearing and capital gains tax concessions for wealthy investors.

Labor condemns the Turnbull Government for not continuing a National Partnership on Remote Housing. Abolishing the National Partnership will mean Indigenous Australians continue to endure housing conditions that are unconscionable in a society as wealthy as Australia.

Since coming to Government in 2013, the Coalition has presided over a significant deterioration in housing affordability.

Home ownership rates for young Australians have collapsed to their lowest level in the past 30 years. Fewer than 40 percent now own their home, compared with 60 percent just a generation ago.

Rental stress has also risen substantially. Anglicare's recent Rental Affordability Snapshot has revealed that less than three percent of private rental dwellings are affordable for a single person on the minimum wage.

Despite claiming that measures to address housing affordability were the "centrepiece" of their last Budget, one year on, the Turnbull Government's grab bag of contradictory measures has delivered no relief for Australians.

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FEDERAL BUDGET 2018

WHAT THE POLLIES ARE SAYING

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AUSTRALIAN GREENS

Leader of the Australian Greens – Dr Richard Di Natale

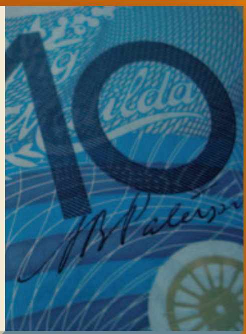
The 2018 Budget has been written by big corporations. It further runs down universal public services and will make life harder for Australians.

Beware this Government: what they give with one hand, they take back double with the other. Medicare, schools and energy costs will be more expensive so you'll lose in the end.

The real mark of this Government is what is NOT in their Budget, at the behest of dirty donors and big corporations.

- No serious plan to tackle dangerous climate change and transition to a clean, jobs-rich 21st century economy.
- No plan to cut the tax loopholes which let the wealthiest 20% of Australian households own 63% of household wealth, while the bottom fifth owns just 1%.
- No end to the CGT and negative gearing money pits that inflate our housing market and deflate young people's dreams of getting a stable job and housing.
- No plan to make the oil and gas barons pay their fair share of tax for the billions of dollars we've allowed them to make by digging up our natural resources.
- No plan to provide greater access to the kind of universal education that almost every member of cabinet enjoyed.

FEDERAL BUDGET 2018 OVERVIEW



WHAT INDUSTRY STAKEHOLDERS ARE SAYING

AUSTRALIAN INDUSTRY GROUP

Cause for optimism with delivery challenges

“The 2018 Federal Budget will give business and the community confidence for the future and is cause for optimism. The very significant tax contribution this year from business has created room to move on tax relief, infrastructure and deficit reduction,” Mr Innes Willox, Chief Executive of the Australian Industry Group said.

“The Government has moved to take advantage of the economic improvement now underway by proposing tax relief to business and households, as well as a significant boost to infrastructure spending. This strategy is anticipated to drive further growth in activity, real incomes and job creation. The national challenge, with skills shortages in key areas already becoming apparent, is to ensure we have the skills to deliver this growth and to train the workforce of the future.”

The Budget makes clear strides in four of the five major priority areas identified by industry:

- The Government is staying the course on the plan to phase in reductions in the company tax rate over the coming decade.
- This is linked to broader tax reform by phased reductions in personal income tax with a clear initial emphasis on lower and middle-income earners.
- The Budget makes further investments in a range of far-sighted infrastructure initiatives to improve regional connectivity, urban congestion and national productivity.
- The acceleration of the pace of improvement in the budget bottom line is welcome and will see a return to surpluses (from 2019-20) in line with the gradual strengthening of the domestic economy.

There are also important initiatives in the skills area which was the fifth area of priority identified by business. These include the increased funding for the Skilled Australians Fund and measures focused on skilling mature-aged and older Australians and facilitating their involvement in entrepreneurial activities. But it is clear that additional future investments in education and training will be required to ensure the budget measures deliver to their full potential.

The Budget anticipates a solid pick-up in GDP growth with the benefits of this flowing through to higher wages and further improvements in business investment in the next few years. Inevitably there are risks in these forecasts which in large part will be mitigated if corporate tax reform proceeds and if there are further investments in skills and training.

Mr Willox said: “The new infrastructure projects sensibly focus on relieving and improving our national transport systems. However, when added to the huge defence infrastructure spend and new growth in the mining sector, more needs to be done on delivering the skills our economy desperately needs. There is clearly room for more investment in skills than is planned. Before the Budget we already needed to add

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915,000 workers to our economy by 2022. This includes an extra 120,000 in the construction sector alone. These numbers will now jump further.

"Business will welcome the extension of the capped instant asset tax write-off facility for smaller businesses and the decision to maintain the permanent immigration target at 190,000.

"The Government has clearly listened to concerns voiced by industry about previous proposals to change the Research and Development Tax Incentive. While the rejection of some of the more restrictive proposals is welcome, the new changes, while aimed at attracting new investment in R&D intensive industries, will add new layers of complexity, especially for smaller businesses. Further close consultation with industry in refining the measures will be required to reduce compliance costs and avoid unintended consequences," Mr Willox said.

BUSINESS COUNCIL OF AUSTRALIA (BCA)

This is a strong and sensible Budget focused on growth and built overwhelmingly on the contribution of the business community, says Business Council of Australia Chief Executive, Jennifer Westacott.

The Budget is stark proof that when business thrives, Australia thrives.

A strong business community and sound budget management by the government has delivered the dividend of tax relief for low and middle-income earners, increased support for older Australians and funding for much-needed infrastructure.

Growing and confident businesses have delivered the revenue which has helped the budget to return to surplus, as well as continue to sustainably fund the services that all Australians depend on and expect.

Company tax revenue over the forward estimates is $15 billion higher than forecast in last year's budget – and that is after the first tranche of the Enterprise Tax Plan.

By 2021-22 business will be paying $100 billion a year in company tax and over the next decade this will reach a cumulative $1 trillion – even after the full implementation of the Enterprise Tax Plan.

This budget is proof that when business activity grows, when you get the settings right and the economy grows, tax revenues go up too.

It was 30 years ago that the Hawke Labor government cut the company tax rate from 49% to 39% to turbo-charge economic activity and it contributed to a 50 per cent increase in company tax revenues.

It is time to end the nonsense that economic growth is at odds with fairness. The exact opposite is true. We cannot have a fairer society with a weaker business community and a sluggish economy.

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But as the budget makes clear, there remain many risks in an economy still relying overly on the terms of trade and at the mercy of global uncertainties.

We need to get the settings right for business to improve competitiveness to continue to drive economic growth.

It would be self-defeating to abandon the growth strategy, weaken the business community through uncompetitive taxes and switch to a high-taxing approach.

HOUSING INDUSTRY ASSOCIATION (HIA)

Infrastructure for Sustainable Growth

"Home buyers and the housing industry will benefit from the steady path that the Budget has plotted for the economy and our cities," stated HIA's Senior Economist, Geordan Murray.

"The improved fiscal and economic outlook presented in the Budget should provide the home building industry and its customers with confidence when making home building and renovating decisions.

"It is pleasing to see the Federal Government's ongoing commitment to working with the states and deliver infrastructure that will improve the connectedness and liveability for Australian communities.

"Expansion of transport networks is crucial to the ongoing evolution of our cities and regional centres. Australia's population has become increasingly urbanised and we will continue to see more people seeking to live within close proximity to metropolitan centres.

"In order to meet these demands we will continue to see a larger share of the new housing supply delivered within existing urban areas. The capacity of the transport network that supports these communities must expand to keep pace.

"The Government's commitment to improve transport infrastructure within major cities and improve the connectedness of regional centres will enable housing supply to continue meeting the needs of the community and will support the objectives of the housing affordability package announced in last year's budget.

"HIA also welcomes the Government's decision to boost funding to the Australian Bureau of Statistics to improve the collection of housing related data. High quality, reliable data is fundamental for industry and legislators making informed decisions," concluded Geordan Murray.

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INDUSTRY SUPER AUSTRALIA (ISA)

$1.6bn opportunity to fix unpaid super and gender super gap goes begging

The 2018 Budget has missed the opportunity to tackle unpaid superannuation and close the gender super gap by failing to re-invest over $1.6bn in windfall budget savings raised from ‘protecting’ small super balances and paring back a super tax break that only started this year.

The budget papers reveal the Government will gain a surprising $1.615bn from three super measures which turn off default insurance for younger members, consolidate more inactive accounts to the Tax Office, and tighten rules for tax deductions on personal contributions.

Industry Super Australia’s Director of Public Affairs, Matthew Linden, said while these changes have sound justification an opportunity was missed to address equally if not more urgent issues.

“The Government is right to prioritise the erosion of small super balances – particularly for younger workers. A number of industry superfunds have already taken steps to change insurance coverage for younger members.

“However, it is disappointing the surprisingly large budget savings from the measures are not being used to fix unpaid superannuation or close the gender super gap.

“Rather than pocket the $1.6bn in savings it should have been be used to abolish the $450 super threshold, pay super on parental leave, and align the payment of super and wages.

“These simple policy steps alone would ensure millions of Australians who are missing out on super entitlements receive them – particularly women.

“Over three million Australians miss out on an average of $2000 a year in unpaid superannuation and the super balances of women lag males by an average of 40%.

Mr Linden also said it was vital to ensure unintended consequences from the balance protection measures don’t adversely affect other fund members. There is for instance a material possibility the insurance changes will impact risk pooling and lead to higher premiums for other members.

“Funds will need to work proactively to ensure that members who should retain insurance, including for instance those on parental leave, don’t lose important cover”, Mr Linden said.

Industry Super Australia also welcomed greater clarity on the Government’s proposed retirement income framework, however impediments should be removed which prevent trustees from formulating whole of life super products with the capacity for members to opt out.

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MASTER BUILDERS AUSTRALIA (MBA)

Budget boost for builders

Overall the Budget will boost confidence in the building and construction industry.

"Building and construction investment is a major driver of the improvement in the Budget position," Denita Wawn, CEO of Master Builders Australia said.

"Reducing the tax burden on households and small business is good for the economy and good for builders. People may decide to renovate their kitchen sooner or buy their first home faster," she said.

"It's also great news that our many small builders who are sole traders will also get tax relief in this Budget," Denita Wawn said.

"Master Builders called for more certainty for state and territory governments to sign up to the $1.5 billion Skilling Australians Fund (SAF) and the Government has listened. The SAF will focus on funding for new apprentice training initiatives, that are no longer conditional on a levy of skilled migration," she said.

$250 million is available for state and territories in this financial year, a share of an $50 million is available for governments that sign-up to the SAF prior to June 7 and $50 million per year over four years is available to states and territories who are signed up to the SAF.

"The Government's infrastructure Budget will play a key role in setting the nation up for future prosperity. The additional $24 billion investment in infrastructure across the country will boost the productivity and liveability of our cities," she said.

"Small businesses will benefit from the extension of the $20,000 immediate tax write-off scheme until 2019. There are more SMEs in buiding and construction than any other industry and this great news for mum and dad building business and tradies," Denita Wawn said.

"The uncorporated small business tax discount rate will increase from 5 per cent to 8 per cent allowing SME builders to write-off their assets faster," Denita Wawn said.

PROPERTY COUNCIL OF AUSTRALIA (PCA)

Infrastructure boost needs to lead to plans for great cities

The Property Council has heralded the big infrastructure boost confirmed in the Federal Budget but called for this to be leveraged into a stronger plan to create great cities and support a growing Australia.

"The budget goes long on infrastructure and overwhelmingly funds the right projects.

Now these need to be leveraged into comprehensive plans to grow our cities and regions," said Ken Morrison, Chief Executive of the Property Council of Australia.

"The Government's ten-year infrastructure pipeline that will reduce congestion, boost productivity and improve connectivity in our cities and regions. For the most part, these are projects which are on the Infrastructure Australia priority list.

"However, we need to go further. This funding needs to

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be leveraged into growth plans for our cities in partnership with the states and territories.

"Our cities are growing fast and we should be much more ambitious in our approach to planning for the future growth of great Australian cities.

"The funding for infrastructure is vital, but it also means getting the planning right and tackling the regulatory issues which affect the productivity and livability of our communities," Mr Morrison said.

"This includes delivering City Deals for all of our major capital cities and providing extra funding to enable this work to be done.

"Housing affordability was a major focus of last year's budget but the problem hasn't gone away. We need the full suite of policies to ensure new supply can keep pace with our growing population."

Initiatives such as the $3.5 billion Roads of Strategic Importance and $1 billion Urban Congestion Fund are new names for previously announced funding.

"The Budget is silent on support for the 'build to rent' sector which has the potential to make an important contribution to improving housing affordability in Australia," Mr Morrison said.

"The Government can unlock significant investment for this asset class with the right policy settings. 'Investors are ready to go and provide Australians with a wider range of affordable housing options."

The Property Council welcomed the Government's focus on increased home care funding, but blockages preventing many older Australians from right-sizing their housing – particularly through the pension asset test – remained unaddressed.

"The additional funding for home care places is welcome but is only part of the solution to helping older Australians avoid going into residential aged care," Mr Morrison said.

"Removing the barriers preventing many older Australians from 'right-sizing' their housing is a missed opportunity to deliver more choice and better outcomes for older Australians."

The Government's plans to deliver phased income tax relief over seven years, starting with a focus on lower to middle income earners, should have a positive but modest impact on consumer sentiment.

The Budget papers show a decline in net overseas migration from 242,600 in 2017 to 221,400 in 2021. Victoria and Queensland lead growth in net interstate migration assumptions.

These figures reinforce the reality of our growing nation and the importance of planning our cities and urban areas to support a bigger population in the years ahead.

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URBAN DEVELOPMENT INDUSTRY OF AUSTRALIA (UDIA)

Federal Government must exercise its muscle to improve housing affordability

The Urban Development Institute of Australia welcomes the release of the Federal Budget. It is a mixed bag for the development industry but generally has more upside than down.

UDIA National Executive Director, Kirk Coningham OAM said, "The Budget provides a sound base for the economic growth of the nation, supporting more people into employment, but misses the mark on housing affordability."

"There will be some disappointment across the industry that the momentum set for addressing housing affordability in the previous budget has not been maintained. The problem has not gone away and we are still looking to the Commonwealth to provide leadership in this space.

"That said, the spending initiatives stand to boost the take home pay of aspirational homebuyers, potentially making the difference between owning and renting for thousands of Australians.

"The broad sweep of permanent income tax relief is significant as even a small increase in real wages can help people access the housing market for the first time, bringing them into the market for life.

"The Budget continues the Government's $75 billion investment in transport infrastructure over 10 years and includes $24.5 billion in new investment. This includes a $1 billion Urban Congestion Fund and a $250 million Major Projects Business Case Fund.

"Some of the infrastructure is supposedly delivered through an 'equity investment' whereby the Government is expecting a return on investment.

"If the return on investment is to be delivered through taxes on new homes, then the relevant tax needs to be known now and must account for the cumulative impact of government taxes and regulation at all levels on a new home.

"Taxes, charges, red tape, and green tape continue to be the fastest growing cost of entering the housing market.

"The Federal Government should be confronting the cumulative effect of all of these new charges and use their funding power to encourage States and councils to contain and reduce taxes on new homes.

"Congestion-busting infrastructure should be tied to planning that enables additional infill development, increasing affordability and allowing more millennials to live where they prefer, near the city and jobs.

The Budget introduces measures denying deductions for expenses associated with holding vacant land. We will closely examine this measure and seek further detail as the immediate fear is that this could punish industry for tardy planning that is outside of our control.

"In some jurisdictions, such as NSW, it can take up to a decade for a dwelling approval on a greenfield site allocated for residential development. it is totally unreasonable to deny deductions when the only reason the land remains vacant is government bureaucracy.

The Budget continues to provide support for the baby-boomer generation providing an additional 14,000 places for home care, $17.7 million for entrepreneurs over 45, and the Skills Checkpoint for Older Workers.

"We hope the additional home care places entice older Australians to choose more appropriate livable accommodation to age in place. Too many older Australians are forced to live in homes not fit for purpose, as suitable accommodation for downsizing, particularly those who want to stay in the same neighborhood, is just not available because of state and local government planning restrictions.

DOES YOUR SMALL BUSINESS USE SOCIAL MEDIA?

Social media has become a useful tool to help businesses connect with customers and promote themselves. But there are also some potential traps you can fall into when promoting online.

Here's some tips on how to manage your social media content and ensure you don't fall foul of the law.

Don't make misleading claims

Consumer protection laws apply to social media in the same way as any other marketing or sales channel. So don't make claims about your product or service that may be false or misleading. You should offer a refund to any customer who purchased your product or service based on a false or misleading claim they saw on your social media page.

Don't allow others to make misleading claims in comments

You can also be held responsible for posts or public comments made by others on your social media pages. Make sure you regularly monitor your social media pages and remove any false or misleading comments, and it's also a good idea to establish 'house rules' for users when they make posts or comments.

Responding to false, misleading or deceptive comments

You can respond to comments instead of removing them, but it's possible that your response may not be enough to change the false impression made by the original comments. If in doubt, it may be safer to simply remove the comments.

Beware of scams

Be careful when connecting with people you don't know. Review your privacy and security settings so that you know exactly what information is publicly available, as scammers often use this to target you. If you have been scammed, take steps to secure your account and report it to the social media platform.

Visit our website for more information on using social media for your business.

You can find out more about how to protect yourself from scams at www.scamwatch.gov.au and in our Business scams fact sheet.

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Power and the people

30 – 31 August 2018 • Swissôtel Sydney, NSW

vodafone   COSBOA COUNCIL OF SMALL BUSINESS AUSTRALIA

Secure your ticket and put the date in your calendar for Australia's only event bringing together senior politicians, policy makers and regulators who are influencing policy for small business.

Power and the people

Small businesses across Australia are powered by the over 4.5 million people they employ, and contribute a valuable $3.4 billion to the Australian economy annually.

The agility of small businesses provides our society with the capability to innovate, and respond to adversity faster than big business, while remaining connected to our communities and culture. It is the power of small business people that make a difference.

By August 2018, we will be closer to a Federal Election, so we can focus and promote the policies we want front-and-centre for all political parties.

Key sessions will cover:

- Workplace relations
- Superannuation
- Paid parental leave
- Contract law and competition policy
- Women in business
- Vocational education and training
- Compliance and regulation demands
- Mental health and wellness
- Cyber security and data protection

You're invited to attend Australia's premier policy event driving discussion between small business, senior politicians as well as bureaucrats and big business representatives. In a three-way exchange of minds, we will debate policy and build productivity for the betterment of our small business people.

Register today to connect and hear from key decision makers and influencers, such as the **Small Business & Family Enterprise Ombudsman, Fair Work Ombudsman, Commissioner of Taxation, ACCC and Council of Small Business Australia (COSBOA).**

The 2018 Australasian Auctioneering Championships

Registration is now open
visit www.auctionchampionships.com

Save the date
14-16 Oct 2018

Sunday 14 October	Monday 15 October	Tuesday 16 October
Championship Draw	Championship Heats	Schools / Senior Finals
6pm - 7:30pm	10am - 7pm	10am - 5pm
REINZ, Auckland	Q Theatre	Q Theatre

Gala Dinner | Maritime Room | 6:30pm - 10:30pm | Tuesday

REINZ REAL ESTATE INSTITUTE OF NEW ZEALAND

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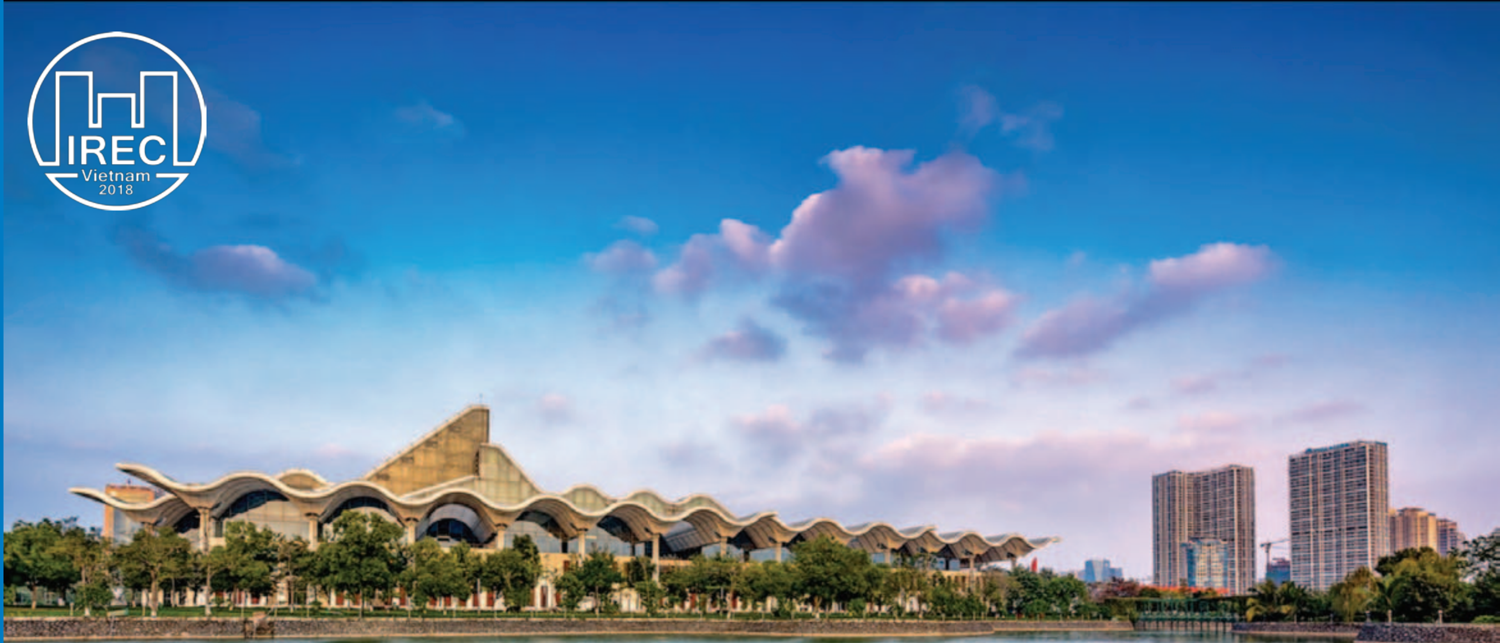
Australasian Auctioneering SCHOOLS CHAMPIONSHIP

Australasian Real Estate Institutes' Auctioneering Championships



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INDUSTRY UPDATE

Industry news from around Australia

Business as usual' budget fails to reinvigorate property market

REIWA welcomes the WA Government's decision not to increase property taxes, but is disappointed in the distinct lack of leadership on display in the 2018-19 State Budget, with no new initiatives included to address housing affordability or reinvigorate the property sector.

REIWA President Hayden Groves said while it was pleasing there were no increases to property taxes, this year's budget was a mundane budget for the property market.

"The McGowan Government have missed an opportunity to introduce measures that open doors in the property market for those that need it most. We are particularly disappointed the First Home Owner Grant remains unfairly skewed towards new-build properties and that there is no transfer duty concession for seniors to enable them to 'right size' into more suitable accommodation," Mr Groves said.

In a blow for the property market, Treasurer Ben Wyatt MLA confirmed the McGowan Government would be proceeding with their election promise to introduce a new residential property tax for foreign buyers. The surcharge, which comes into effect on 1 January 2019, has increased to seven per cent from the initial four per cent proposed.

Mr Groves said introducing a foreign buyer tax was shortsighted and would have far-ranging consequences for the WA property market, which was just starting to show signs of a recovery.

"This will deter much needed investment in the state, while doing nothing to make housing more affordable for West Australians, in fact rent prices could increase due to a lack of stock as investors look elsewhere," Mr Groves said.

"This policy measure also puts construction jobs at risk, as off-the-plan developments usually rely on securing a portion of pre-sales from foreign investors before funding can be secured. While this does not affect large-scale apartment development, it contradicts the WA Government's push for more medium density housing. Deterring foreign investment means these projects may never eventuate, costing WA jobs.

"The short-term financial gain of this surcharge is likely to be counteracted by long-term losses as investors seek an alternative place to invest."

REIWA will continue to call for leadership and the introduction of initiatives that will make the housing market more accessible for all West Australians.

Read REIWA's response to the WA Budget outcomes.

Source: The Real Estate Institute of Western Australia

Victorian Budget 2018-19: A Budget of Missed Opportunities

The Andrews Labor Government 2018-19 Budget unveiled this week has failed to deliver any tangible tax relief to property purchasers or investors.

Real Estate Institute of Victoria President, Richard Simpson said that "this Government is awash with money generated from property transactions and rising land prices across the state."

"It is disappointing to note that the Government could not see fit to provide tax relief in the form of reductions in rates of Land Tax or Stamp Duty or indexation of thresholds when times are so good."

Property taxes will account for over $11.5 billion of the state's $24 billion tax revenue in 2018-19. An increase of 7.5% over the revised 2017-18 estimates.

"Despite a healthy take-up of the Stamp Duty concessions offered to first-time home buyers, the Government's total take from Land Transfer Duty has increased this year and is projected to rise again in 2018-19, and every year over the forward estimates."

"Many property investors, including self-funded retirees, are struggling with the burden of rising land tax and the Government with the move to annual valuations, have forecast a massive increase in the Land Tax take of 23% for 2018-19." Mr Simpson said.

"We believe that lower taxes on land, and on real estate transactions, would incentivise investment and we cannot comprehend why or how the Government has missed this opportunity.

"When the Government refuses to cut taxes at a time of Budget surplus, strong economic growth, Triple A credit ratings and a rapidly growing population, when will they be able to do it?".

The REIV was also disappointed that the Government had made little provision for additional public housing in the Budget.

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» continued

"Given low rental vacancy rates and rising rents across the state, the Government has missed an opportunity allocate more money to reduce the significant waiting list for Public Housing in the Sate."

"In this election year, the REIV will continue to urge both sides of politics to commit to a reduction on the reliance on Property Tax to fund the State's initiatives." Mr Simpson said.

The REIV supports the cuts to payroll tax in regional Victoria, while noting that many businesses may be too small to take advantage of this, however, it may encourage some larger businesses to relocate.

"REIV also welcomes the continued commitment to improving road and rail infrastructure. Access to efficient public transport, better roads and faster rail, as well as proximity to essential services are needed to support Melbourne's continued outward march," Mr Simpson said.

Source: The Real Estate Institute of Victoria

Women dominate novice auctioneers comp

An all women final is looming at the 2018 REINSW Novice Auctioneers Competition for the first-time, according to the Real Estate Institute of New South Wales.

REINSW President Leanne Pilkington said the first three heats have been taken out by women and there is a strong possibility a female competitor could take out the title.

"At the half way mark of our Novice Auctioneers Competition it is exciting to see such a strong representation from female auctioneers," she said.

"Once a male dominated role in the profession, the dynamic and theatrical nature of auctioneering is seeing the rise of women auctioneers.

"This year's competition sees 31 novice auctioneers currently registered to take part in six heats with 11 female competitors," Ms Pilkington said.

Former investment banker, Joanne Dai won the first heat of the Novice Auctioneers Competition in Sydney. The second heat in East Sydney was won by Karen Harvey, who recently completed a Master's Degree in Business, qualified as a real estate agent and studied the auctioneer licence course at REINSW last year. Real estate trainer Lisa Liberatore won the Castle Hill Novice Auctioneers Competition heat.

The Novice Auctioneers Competition is an annual event for REINSW and is open to entrants over 16 who live in NSW who have not completed more than six auctions in the past 12 months or more than eight in their career. They must also have no more than six months experience as a livestock or chattel auctioneer. Proceeds from the heats and final are being donated to suicide prevention awareness charity, R U OK.

The 2018 REINSW Novice Auctioneers Competition final will be held at 6.00pm on 28 June 2018 at the Powerhouse Museum, Sydney. To register to compete or to book at ticket to the final go to the REINSW website.

Source: The Real Estate Institute of New South Wales

REIV auctioneers to bid for Australasian honours

Luke Banitsiotis of Woodards Blackburn and Michael Wood of Marshall White and Co will represent Victoria at the Australasian Auctioneering Championship in Auckland in mid-October.

The two were judged the top performers in the 2018 Senior Auctioneer of the Year competition held at REIV headquarters on 8 and 9 May.

Fourteen auctioneers from around Melbourne contested the heats, with six progressing to the final round.

The ultimate winner of the Victorian 2018 Senior Auctioneer of the Year will be decided between the pair, with the announcement to be made at the REIV Gala Awards Night in late October.

Source: The Real Estate Institute of Victoria

FIABCI
INTERNATIONAL REAL ESTATE FEDERATION

FIABCI 69th World Congress

Robyn Waters, Victorian Senior Vice President, REIA Board Member and Past World President of the International Real Estate Federation(FIABCI) and Gil King, CEO of REIV and Secretary-General for FIABCI-Australia, attended the organisation's 69th World Congress held in Dubai between 27 April and 2 May.

The Congress was well attended with representatives from all over the world, from countries in North and South America, the UK, Africa, Eastern and Western Europe, Russia, the Baltic States, Asia and the Middle East.

The first three days were taken up with official FIABCI Executive meetings. As a Principal Member of FIABCI, the REIV was represented at the Chapter Presidents' Breakfast, Asia-Pacific Committee, International Organisations Committee, Principal Members' Breakfast, World Council of Brokers and Professional Division Officers meeting, culminating with the Ordinary General Assembly on Sunday 29 April. The General Assembly voted on the vacant Vice-President Elect position and was pleased to announce the election of Florentino Dulalia from the Philippines.

The conference itself kicked off on the Sunday night, with the Welcome Dinner held at the Hotel Atlantis, The Palm, Dubai. Over the next three days the attendees at the Conference were treated to an impressive number of presentations on the theme 'Happy Cities'. These included Charles Montgomery (Happy Cities), Urban Planning for Happiness ((Kenneth Yeang Kin Mun), William Endsley (Happy Communities, Ms Bea Johnson (Zero Waste), Dan Smith (Real Estate Brokers & Happiness), and Mr Jacques Rougerie (Inhabiting the Sea).

Social events included the Medal Holders' Dinner on the Monday Night, the Prix d'Excellence Gala Dinner on the Tuesday night and the Farewell Dinner on the Wednesday night at Jumeirah Beach Hotel.

The outgoing World President Farook Mahmood (India) handed over the reins to the new World President Assen Makedonov (Bulgaria) at the end of the conference.

Anyone wishing to join FIABCI to take advantage of the wonderful networking opportunities, and to learn more about the real estate and property development industry internationally, should contact Gil King at the REIV on gking@reiv.com.au

Our younger members should consider the opportunity that a FIABCI Scholarship Foundation grant might provide them. Those interested should also contact Gil King at the REIV for more information.

Many opportunities exist for networking within FIABCI, with a number of associated events during the year. The 70th World Congress will be held in May 2019 in Moscow Russia and the FIABCI Business Meeting will be held in Bali in December this year.

POLITICAL WATCH

Information and news from government

Australian Taxation Office – Get ready for STP

Single Touch Payroll (STP) will change the way employers report tax and super information to the ATO. Employers with 20 or more employees need to get ready for these changes which start from 1 July this year.

Under STP, you'll need to report payments such as salaries and wages, PAYG withholding and super information to us from your payroll software each time you pay your employees.

To find out if you need to report through STP this year, do a headcount of the employees who were on your payroll on 1 April. If the total was 20 or more, you'll need to get ready. You don't need to report this information to the ATO, but you should keep a copy of the calculation for your own records.

Speak to your payroll software provider as soon as possible to find out when your payroll solution will be ready for STP reporting, and what you need to do to transition by 1 July. If your provider says your software will not be ready, ask if they have a deferral for your payroll product from the ATO and check if it applies to you. If your current payroll software is not being updated to offer STP, you will need to choose an STP-ready solution.

You can also ask a registered tax or BAS agent, or an outsourced payroll provider to report through STP for you. If you need more time to get ready for STP, let us know now. Visit ato.gov.au/stp and select 'get ready for STP' to find out how to apply for a deferral.

To make the transition to STP, talk to your payroll software provider registered tax or BAS agent about what you need to do, or download the checklist and fact sheet from our website at ato.gov.au/stp.

Dwelling approvals rise in March

The number of dwellings approved in Australia rose in March 2018 in trend terms, with a 0.2 per cent rise, according to data released by the Australian Bureau of Statistics (ABS) recently.

"The strength in the total dwellings series is being driven by approvals for private sector houses, which have now risen for 13 consecutive months," said Justin Lokhorst, Director of Construction Statistics at the ABS. "Private sector house approvals are now at their highest level since 2003, in trend terms."

Among the states and territories, the biggest trend increase in dwelling approvals in March was in the Australian Capital Territory (28.0 per cent), followed by the Northern Territory (5.3 per cent) and Queensland (2.3 per cent).

There were falls in trend terms in Western Australia (6.7 per cent), Tasmania (4.8 per cent), Victoria (0.5 per cent), New South Wales (0.2 per cent) and South Australia (0.1 per cent).

In trend terms, approvals for private sector houses rose 0.8 per cent in March. Private sector house approvals rose in Victoria (1.8 per cent) and Queensland (1.5 per cent), but fell in Western Australia (2.1 per cent) and New South Wales (0.2 per cent). Private house approvals were flat in South Australia.

In seasonally adjusted terms, total dwellings rose by 2.6 per cent in March, driven by a 6.1 per cent increase in private sector dwellings excluding houses. Private sector houses rose 1.1 per cent in seasonally adjusted terms.

The value of total building approved fell 0.6 per cent in March, in trend terms, and has fallen for six months. The value of residential building rose 0.4 per cent while non-residential building fell 2.5 per cent.

Source: The Australian Bureau of Statistics

Six month decline in housing finance numbers

The March 2018 housing finance figures recently released by the Australian Bureau of Statistics show that the number of loans for housing has continued to decline over the last six months, according to the Real Estate Institute of Australia (REIA).

"Overall the figures for March 2018 show, in trend terms that the number of owner-occupied finance commitments decreased by 0.7 per cent –the sixth consecutive month of decreases. If refinancing is excluded, in trend terms, the number of owner-occupied finance commitments decreased by 0.9 per cent, again the sixth consecutive month of decreases," REIA President Malcolm Gunning said.

"In trend terms decreases were recorded in all states and territories except Tasmania, where lending increased by 7.2 per cent. The largest decrease of 1.3 per cent was in the Northern Territory.

Mr Gunning said the value of investment housing commitments decreased by 0.9 per cent in March in trend terms. The purchase

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POLITICAL WATCH

Information and news from government

» *continued*

of dwellings by individuals for rent or resale is at the lowest level since May 2016.

"In trend terms, the number of established dwellings purchase commitments decreased by 0.7 per cent while the purchase of new dwellings decreased by 0.8 per cent and new dwelling construction fell by 1.2 per cent.

"The proportion of first home buyers, as part of the total owner-occupied housing finance commitments, decreased marginally to 17.4 per cent in March compared to 17.9 per cent in the previous month. The number of loans to first home buyers increased by 5.8 per cent compared to February.

"APRA may have constrained bank lending too long and created a credit squeeze. They did not consider the lag effect in the market of their decision. The only bright spot in the market is first home buyers," concluded Mr Gunning.

The Hon Richard Wynne MP
Minister for Planning, Victorian Government

A better planning system and safer buildings

Reforms to planning will make it easier to build or renovate a home, prevent deadly cladding fires and ensure Victoria's apartments are built to the highest standards of quality.

The Victorian Budget 2018/19 includes $14.7 million to slash red tape and get new homes and renovations finished faster by putting an end to protracted permit applications for simple projects.

Victorians living in high rise buildings will be protected from combustible cladding fires, with a $25 million boost for safety inspections and to crack down on builders who flout the rules.

With more people choosing to live and work and visit Victoria, $9.7 million has been allocated to process more planning permits, and $3.5 million will help councils do faster subdivision approvals.

The Andrews Labor Government will provide $1 million to Land Use Victoria for a new online portal that will give communities better access to information on public land and $4 million to complete planning at Fishermans Bend for schools, public transport, open space and affordable housing that growing communities need.

$590,000 will fund new exterior design standards to make sure new apartments are built with the highest quality of materials and the best standards of sustainability.

These improvements build on the sweeping changes the Labor Government has already made to apartment design standards to ensure they feature light, ventilation and storage space.

The Budget also includes funding for early planning work on a new connection linking Fishermans Bend with the CBD.

The Hon Ben Wyatt MLA, Treasurer
Government of Western Australia

Increase in Foreign Buyers Surcharge to assist in Budget repair

Rate will put Western Australia on par with New South Wales, Victoria, South Australia and Queensland for all foreign ownership of residential property

- Increased Foreign Buyers Surcharge rate of seven per cent is estimated to raise an additional $50 million over the period to 2021-22, at no cost to Western Australians
- Surcharge applies to all purchases of residential property by foreign individuals and entities from 1 January, 2019

The State Government will increase the rate of the Foreign Buyers Surcharge to seven per cent to help place the State's finances on a more sustainable footing, and bring Western Australia in line with other States that levy a surcharge.

Consistent with the McGowan Labor Government's election commitment, the 2017-18 State Budget included a four per cent surcharge on foreign buyers of residential property, to enable a freeze on TAFE fees and contribute to Budget repair.

From 1 January, 2019, the surcharge will apply on the dutiable value of residential property purchased by foreigners, including corporations and trusts, in Western Australia. This will be in addition to the normal transfer duty payable on the property. The surcharge is restricted to residential property, with commercial transactions and significant residential developments remaining exempt.

The seven per cent rate brings Western Australia in line with New South Wales, Victoria and South Australia, all of which currently levy their surcharges at seven or eight per cent, and Queensland, which has announced an increase in its rate to seven per cent from July 1, 2018.

The increase brings the total estimated revenue from the surcharge to $123 million over the period of 2018-19 to 2021-22.

The Government will introduce legislation into the State Parliament in the near future to give effect to this announcement and provide certainty for foreign investors.

THE WORLD

Property news from around the world

Home prices reach a record high in New Zealand, led by regional growth

Record residential property prices in New Zealand are being driven by regional growth with the annual value up 1.8% in March to a high of $560,000, the latest index data shows.

But when Auckland, where prices fell, is excluded, the median price increased by 6.2% to a record high of $460,000, according to the figures published by the Real Estate Institute of New Zealand (REINZ).

Additionally, three regions achieved record prices. In Gisborne they increased by 17.9% to $330,000, in Hawke's Bay up 11.7% to $445,000 and in Wellington up 10% to $583,000. Other regions that saw strong increases in price during March were Manawatu/Wanganui up 12.3% to $292,000 and Otago up 11.1% to $405,500.

Prices in Auckland fell 2.2% year on year to $880,000 but this was compared to March 2017 which saw the region experience the record price of $900,000. However, month on month prices in Auckland increased 2.9%.

'March was a very strong month from a price perspective with record prices achieved for New Zealand excluding Auckland, Gisborne, the Hawke's Bay and Wellington. Looking at the whole country, median house prices increased in 13 out of 16 regions,' said Bindi Norwell, REINZ chief executive.

She pointed out that it is the third month in a row now that the Hawke's Bay has seen a record median price for the region and said that this has been driven by a high level of demand across the region which is driving prices up particularly in Nelson Park in Napier with growth of 27.7%, Ruataniwha in Central Hawke's Bay up 25.8% and Heretaunga in Hastings up 24.7%.

She also pointed out that as New Zealand's second largest city, Wellington is regarded as an attractive place to live with much of the growth being driven by areas such as South Wairarapa's Martinborough with price growth of 57.4%, Porirua East up 48%, Carterton up 27.3% and Upper Hutt City up 25.6%.

The index also shows that sales across New Zealand fell by 9.9% when compared to March 2017 but that month had the highest for sales volume in 2017. 'This is just one month's worth of data following two solid months of sales, so we're not overly concerned about this month's volume. We've seen a number of the regions post stronger results than some of the major centres, highlighting the buoyant economies in these areas,' said Norwell.

Most notably sales increased by 18.9% in the West Coast, its highest number for six years for the month of March, in Gisborne sales were up 8.7%, its highest level since May 2016, and in Nelson sales were up 7.1%.

The biggest fall in sales in the regions was a decline of 19.1% in Otago, while sales were down by 17.7% in Wellington and by 14.7% in Manawatu/Wanganui while the number of properties sold in Auckland decreased by 12%.

The figures show that supply increased marginally by 1% year on year but some regions saw inventory rise, including an increase of 13.5% in Nelson, up 9% in Waikato and up 6% in Auckland. The number of homes for sale fell by 15.3% in Southland, by 13.4% in West Coast, by 9.1% in Wellington and by 8.7% in Taranaki.

Highlighting the lack of inventory across the country, Norwell pointed out that the Wellington region only has seven weeks' inventory available to those looking to purchase in the area and the Hawke's Bay only has nine weeks of inventory.

Source: PropertyWire.com

Global prime property prices in key cities dip slightly, forecast to soften further

Residential prime property prices in key cities around the world increased by an average of 4.8% in the year to March 2018, led by Seoul and with Asia Pacific cities taking five of the top 10 rankings.

Prices in Seoul jumped 25%, followed by a rise of 19.3% in Cape Town, a rise of 16.1% in Guangzhou. Prices were up 10.9% in Berlin and Shanghai, up 10.5% in Paris, up 10.1% in Madrid,

» *article continues*

THE WORLD

Property news from around the world

» *continued*

up 9% in San Francisco, up 8.7% in Sydney and up 8.3% in Melbourne.

The Knight Frank index also shows that the biggest price fall was in Stockholm with values down by 8.4%, followed by Taipei down 7.4% and St Petersburg down by 4% over the 12 month period.

The rise overall was marginally lower than the 4.9% recorded in December 2017, but according to Kate Everett-Allen, head of international residential research at Knight Frank, as borrowing costs start to increase across some of the world's major economies prime price growth is expected to moderate further.

'Already, the gap between the strongest and weakest performing city has slipped from 39% to 33% in the last three months and the number of cities that saw their rate of annual growth decline has risen from 16 to 23 over the same three month period,' she said.

She also pointed out that key European cities are well represented at the top of the table. Edinburgh and Zurich join Berlin, Paris and Madrid in the top 15 in the first quarter of 2018. Indeed, prime residential prices in Edinburgh increased by 7.7% as demand-supply imbalance is underpinning values with sales above £500,000 increasing 16% in 2017.

Everett-Allen explained that Sydney, with prices up by 8.7%, and Melbourne up 8.3%, both cities are following a similar narrative to Edinburgh with supply constraints supporting prime prices. Both cities continue to outpace their Australian counterparts, with prices up just 3.6% in Brisbane and 2.8% in Perth, both of which are included in the index for the first time.

The world's top tier cities of London, New York and Hong Kong, all saw annual price growth dip marginally compared with last quarter. In London, while the market remains sensitive to political events there is a sense of (relative) stability being restored, according to Everett-Allen while in New York the weaker dollar is attracting foreign interest and with Wall Street bonuses back to pre-crisis levels Knight Frank expects luxury demand to strengthen.

In Hong Kong prime prices increased by 6.9% although mainstream prices continue to outperform. 'Despite China's capital controls there remains a strong appetite for US dollar pegged assets from the Chinese Mainland,' Everett-Allen added.

Source: PropertyWire.com

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