

# REIANEWS

ISSUE 25: JULY 2013



## HOUSING FOR ALL AUSTRALIANS

WHAT AUSTRALIANS NEED FROM  
THE NEXT GOVERNMENT

## REIA ELECTION POLICIES 2013

### ALSO IN THIS ISSUE

REIA AFFILIATES' COUNCIL

REIA ACCREDITATION

THE TYPICAL REAL ESTATE AGENT

NATIONAL WORKPLACE HEALTH  
AND SAFETY LAWS

FIRST HOME BUYERS CAN'T  
AFFORD TO ENTER THE MARKET

# Our Corporate Programme provides benefits for you.

- Purchase the car of your dreams
- Preferential corporate pricing<sup>^</sup>
- Complimentary scheduled servicing<sup>\*</sup>

Mercedes-Benz vehicles are renowned for quality, safety, luxury and performance. That's why cars with the Mercedes-Benz three-pointed star are the choice of those who demand the best. That choice is even easier if you qualify for our Corporate Programme. Our Corporate Sales Consultants at authorised Mercedes-Benz dealerships can provide eligible customers with a range of privileges including complimentary scheduled servicing<sup>\*</sup>. In fact, the benefits you receive with your new Mercedes-Benz may evoke more envy than the badge. For full details, call 1800 888 170 or visit [www.mercedes-benz.com.au/corporate](http://www.mercedes-benz.com.au/corporate)

A Daimler Brand

<sup>^</sup> Preferential pricing may not be applicable to all models.

<sup>\*</sup> Up to 3 years or 75,000km (whichever comes first).

AMG (excluding V12 vehicles) 3 years or 60,000km (whichever comes first). All V12 vehicles 3 years or 50,000km (whichever comes first).

The SLS AMG is not available as part of the Corporate Programme.



**Mercedes-Benz**  
The best or nothing.

# PRESIDENT'S REPORT

Mr Peter Bushby  
REIA President



## WELCOME FROM REIA'S PRESIDENT

Welcome to the July edition of REIA News and a lot has happened since our last newsletter.

We have the return of Mr Rudd as Prime Minister, a new Cabinet and Ministry and Australia is now in election mode with the Government and Coalition vying for pole position in the polls.

Inside, you'll see REIA's Election Policies in detail. We have approached both the Government and the Coalition for responses. Shadow Minister for Housing, the Hon Kevin Andrews responds within these pages and the newly appointed Housing Minister Julie Collins will hopefully provide the Government's response in next month's edition.

Meantime, REIA is expecting a Decision RIS on national licensing for the property profession shortly.

In April of this year, we were told that the Council of Australian Governments (COAG) had agreed to a request for state-based consultation on the yet to be released Decision Regulatory Impact

Statement (DRIS), to better inform decision-makers of stakeholders' views on national licensing.

COAG acknowledged that the views of stakeholders were integral and would be taken into consideration in the decisions made. We were told that the consultation would be objective and would be carried out over a three month period.

Because of delays in the completion of the DRIS, we fear the consultation period will be less than half of what was initially promised.

We are asking the states and territories to provide a three month period of face-to-face consultation with stakeholders. It's up to each state and territory as to whether they provide that time but to do so would not interfere with COAG's intent to have a decision at the Standing Council on Federal Financial Relations (SCFFR) meeting in November.

REIA will keep you informed of all developments.

**Mr Peter Bushby**

REIA PRESIDENT



Follow us on Twitter [@REIANational](https://twitter.com/REIANational)

This article is brought to you by REIA  
Chief Executive Officer, Amanda Lynch



## REIA AFFILIATES' COUNCIL

The REIA Affiliates' Council met in Canberra on July 4th. The Council worked hard to nut out a submission on the Franchising Code of Review, and contributed some input into REIA's response to the cap on educational expenses. At the meeting REIA CEO Amanda Lynch provided an update on the Fair Work Amendment Bill which passed Parliament recently. The Affiliates' Council strongly supports REIA in its battle against the dilution of standards under the national licensing proposals and is concerned by the roll-

back of the First Home Owner Grant for established houses in every state except WA. REIA's federal election strategy and Strategic Plan were also presented for discussion. REIA Affiliates' Council representative on the REIA Board Ray Ellis, the CEO of First National Real Estate, reported back on the June Board meeting. The Council was enthralled by a political briefing by journalist Glenn Milne who provided a frank 'behind the scenes' look at the positioning of candidates and parties in the lead-up to the federal election.



L-R: Ian Cornell from Professionals, Ray Ellis from First National, Amanda Lynch, Journalist Glenn Milne and David Crombie from Estate Agents Cooperative

## ► OPPOSITION RESPONSE

ARTICLE BY OPPOSITION SPOKESPERSON FOR  
HOUSING, THE HON KEVIN ANDREWS MP

**HOUSING  
FOR ALL  
AUSTRALIANS**  
WHAT AUSTRALIANS NEED FROM  
THE NEXT GOVERNMENT



### ***The Hon Kevin Andrews MP***

SHADOW MINISTER FOR FAMILIES, HOUSING AND HUMAN SERVICES

Housing is a key part of our economy and real estate is an integral part of the sector, as a significant employer, as an industry made up overwhelmingly of small and medium businesses and as a collective group of professionals whose daily work is so important to the economic growth and prosperity of our nation.

I believe the federal government should be working with the industry to make it easier to do business, to promote efficiency and to encourage more private investment. I have been fortunate to meet with real estate agents around the country, as well as state and national peak bodies and the message is clear – red tape is hurting the sector.

The Coalition has a plan to restore confidence in the sector and it begins by scrapping the carbon tax. You will have also seen our policy announcement about reducing red tape across the federal government. We have spent considerable time developing an approach that will see excessive and burdensome regulations done away with; Ministerial councils will enable direct business and sector representation so that you can have a voice at the table, something that has been missing, particularly during

recent work undertaken by the Council of Australian Governments (COAG).

One example is the National Occupational Licensing Authority (NOLA), which was borne out of COAG in 2008. NOLA was designed to improve business efficiency by replacing state-based licences with streamlined national occupational licenses. People employed in real estate and property related careers will be licenced to operate nationwide under the new system. This will be achieved by removing the duplicated occupational regulations that exist between the states and territories.

However, the government has failed to properly engage with you, and more importantly, to listen. I believe we need to more closely review the proposed roll-out of tranches one and two of national incensing to assess whether it is indeed more appropriate to move real estate out of the first tranche and into the second tranche.

The Labor government has had some seven successive housing ministers, providing little stability and certainty to the sector.

Under an Abbott Coalition government, we will seek to return stability and certainty to the sector.

We will cut unnecessary bureaucracy on the housing industry because this discourages investment from individuals and businesses, which is crucial in meeting the demand for housing in Australia.

According to a State of Supply report from the National Housing Supply Council, the national housing shortage has reached 228,000 and is likely to surpass 300,000 by 2014.

Housing developers and builders around the country currently face long waiting periods on projects in Australia as duplicated approval processes have to be satisfied for multiple levels of Government. Too often projects never eventuate, not because their application is rejected, but because they are delayed to the point of deferral by duplicated levels of regulation.

This is a needless impediment imposed by governments on the housing industry, and a Coalition Government would simplify this process through the establishment of a single body for environmental approvals.

If elected, the Coalition will create a one-stop-shop for environmental approvals to end the duplication of regulation facing business and private

**HOUSING  
FOR ALL  
AUSTRALIANS**  
WHAT AUSTRALIANS NEED FROM  
THE NEXT GOVERNMENT

investors. This will vastly reduce the combined regulation imposed by the three levels of Government whilst not affecting the current environmental standards in place.

Under Labor, environmental regulation has been increased without any equivalent rise in the performance of environmental indicators or outcomes. We should maintain the current level of environmental protection whilst cutting the regulatory burdens that form the current approval processes.

This will reduce the delays faced by builders and without compromising our environmental standards in order to help families move into their new homes and rental properties sooner.

This forms part of the Coalition's commitment to reducing red and green tape costs imposed on business by \$1 billion in order to deliver more efficient government and foster more productive businesses across the nation.

Applicants need to know the progress of their application and transparency is essential to ensure an efficient and accountable process. That's why a single case manager will be appointed to each project to ensure a smooth progression through the system.

The housing shortage in Australia has also been exacerbated by the lack of

land being released for construction. Put simply, if the supply of land being released for development is insufficient to meet the demand for construction, then the housing shortage in Australia will only continue. Whilst land release policies are issues that are dealt with by the various state governments around the nation, it does not prohibit the Commonwealth Government from assisting where a problem exists.

The Coalition supports the existing arrangement concerning negative gearing. Negative gearing provides incentive for investors to meet the demand for rental accommodation in the Australian housing market. Under current arrangements negative gearing is available to individuals and businesses who borrow funds for investments.

Private investment provides the stock of rental accommodation for renters across all levels of income. It is in the best interests of all parties concerned with the housing market in Australia that the government takes a sensible approach to regulation, one which fosters investment and development without adversely hindering the environment.

According to both the HIA and the Allen Consulting Group respectively, Labor's Carbon tax has raised the

cost of building the average new house by between \$3800 and \$5000. The imposition of the carbon tax in the context of the housing industry has resulted in investors spending more on taxes and less on investment, crucial in this time of economic recovery in Australia.

Abolishing the carbon tax, applying common sense to national licensing and providing stability and certainty to encourage and boost private investment are at the centre of our policy approach to housing.

***The Hon Kevin Andrews MP***

SHADOW MINISTER FOR FAMILIES,  
HOUSING AND HUMAN SERVICES

Newly appointed  
Minister for Housing, **The  
Hon Julie Collins MP** has  
been asked to respond to  
REIA's Election Policies in  
next month's REIA News

COVER STORY

## HOUSING FOR ALL AUSTRALIANS

WHAT AUSTRALIANS NEED FROM  
THE NEXT GOVERNMENT

# REIA ELECTION POLICIES 2013

**Home ownership is declining after three decades of stable levels and first home buyers are finding it increasingly difficult to enter the housing market. If implemented, REIA's package of Election Policies is designed to address this. Immediate and concerted action is required by Government to meet Australia's housing challenges.**

### FIRST HOME OWNERS

One of the most important housing policy instruments in assisting first home buyers with housing affordability is the First Home Owner Grant (FHOG), which was introduced in July 2000.

Ever since the impact of the 2008 Boost to first home buyers ceased, the proportion of first home buyers has been in decline. Despite interest rates which are now at the lowest level in more than five decades, the proportion of first home buyers in housing finance commitments for February 2013 was 14.4% – less than half of that in May 2009 (31.4%) and well below the long-term average of 20.2%.

Contributing to this fall in first home buyers are the actions of all state and territory governments except Western Australia, which have recently decided to skew assistance away from buyers of existing housing. These actions appear to be contrary to the Intergovernmental Agreement on Federal Financial Relations Schedule A, which states that assistance to first

home buyers will be “uniform” and that “an eligible home will be new or established”. There is concern that the remaining states/territories may follow this path given the recommendation by the GST Distribution Review that the states be relieved of the obligation to make a universal first home owner grant. The Review said that it should become a matter for states’ own policy decisions as to what financial assistance should be offered for new home buyers.

### REIA proposes

All states and territories are asked to either recommit to the Intergovernmental Agreement (IGA) on Federal Financial Relations Schedule A, which states that assistance to first home buyers will be “uniform” and that “an eligible home will be new or established”, or to sign a new IGA.

The Commonwealth Government establish a scheme to encourage young Australians to contribute to voluntary superannuation, by allowing access to these resources for the purposes

» *article continues*

of raising a deposit for a first home. The scheme would be an adjunct to the First Home Saver Account and would allow flexibility for the saver to decide whether all or part of their superannuation payments is needed to augment the home purchase. Singapore provides a good case study of home buyers using part of their accumulated compulsory salary deductions to purchase housing. The approach Singapore has adopted to tackle house ownership since the 1960s has been very successful, with the level of home ownership in Singapore at 87.2%. This compares to a level of around 70% in Australia for many decades. Canada also has a scheme which allows first home buyers to withdraw from their retirement savings plan, to purchase or build a home.

#### **Outline of Singaporean and Canadian Schemes**

##### **Singapore**

- The Central Provident Fund (CPF) is a social security savings plan where a portion of an employee's salary is set aside for retirement, healthcare and housing.
- The CPF consists of an ordinary account, special account and medisave account.

- CPF is integrated with home ownership with ordinary account (OA) savings being allowed to be used to purchase a home under CPF housing schemes.
- OA CPF savings up to the Valuation Limit (VL) can be used to buy the property.
- OA savings are available only after at least 5% of the purchase price has been paid in cash.
- OA savings may be used to pay stamp duty, survey, legal and other fees associated with the purchase.
- Whilst there are elements of the Singapore scheme that would not be applicable to Australia and first home buyers, there are important core elements that could be adopted for Australia.

##### **Canada**

- The Canadian Home Buyers' Plan allows first home buyers to withdraw up to \$25,000 from their retirement savings plan, to purchase or build a home. Funds withdrawn from retirement savings plans need to be repaid over a 15 year period so that withdrawing the funds will not have a major impact on the ability to secure a comfortable retirement.

- The scheme has been in operation since 1992 with around one-eighth of first home buyers aged 25 to 44 participating.

#### **TAXATION REFORM**

The Federal Government commissioned the Henry Review and convened the Tax Forum in October 2011. Since then however, the momentum for tax reform has stalled. Notably GST was excluded from the review.

In broad terms, the Henry Review backed REIA's view and that of the Business Coalition for Tax Reform (of which REIA is a member), that it was vital for the continued growth of the Australian economy to shift the tax burden from relatively inefficient taxes to more efficient taxes. State taxes, including property taxes such as stamp duty, are the most inefficient and should be abolished and replaced by more efficient taxes. Not only are these taxes inefficient, they are costly to manage, reduce national competitiveness and productivity and are unequally and unfairly applied.

The broad economic benefits of tax reform include: higher GDP; higher investment; revenue stability for the

states; improved labour mobility and workforce participation, and; better utilisation of existing housing stock.

Taxes set by all three tiers of government impact on housing affordability. These include: stamp duties, land taxes, risk premiums and finance charges, and infrastructure charges. Inefficient taxes, planning and land release delays and a myriad of other barriers push up the cost of new housing and restrict housing supply.

The average tax burden on the new housing sector is estimated at around 31% of the value of output. It is estimated that the removal of some inefficient taxes could reduce the cost of housing by around 10%.

#### **REIA Proposes**

- To advocate the establishment of an independent, ongoing Tax Reform Review Group (TRRG) comprising industry and welfare groups, to have an advisory role to Government and the Parliament on a schedule for tax reform. All taxes, including GST, should be under consideration. The aim of the TRRG would be for state and Federal governments to agree to a new Intergovernmental Agreement identifying medium

and long term goals, a timetable and transitional arrangements.

- The link between housing affordability and tax reform is to be emphasised.

#### **COMPREHENSIVE HOUSING POLICY**

The availability of affordable housing is a goal that is shared by governments and all sectors of the community, yet at the national level, there is not a comprehensive policy or plan for its achievement. Availability of affordable housing impacts on the functioning of the economy as well as the wellbeing of individuals and the cohesiveness of communities and society.

Housing is a complex issue with a number of economic, social and infrastructure factors determining affordability. The substantive causes of the housing affordability problem have been identified to include: prices; the deposit gap for first home buyers; demographic change; insufficient supply of dwellings for both purchase and rental which is attributable to a myriad of factors including taxation; lack of innovation in the building industry; council requirements which are roadblocks to low-cost

housing and diversity of house type as well as protracted and expensive development application processes, and, importantly; the need for greater investment in urban infrastructure.

#### **REIA Proposes**

- The Federal Government commits to taking a leadership role to develop a coordinated and strategic approach to the provision of housing and ensures that complementary policies, covering first home buyers and taxation are in place to achieve this.
- A review process be established that requires reporting against a number of key indicators every two years and highlights any emerging issues for policy and decision makers across all tiers of government.

#### **SUPPLY OF HOUSING FOR SOCIAL HOUSING TENANTS TRANSITIONING TO PRIVATE RENTAL**

- Characteristics of Social Housing Provision
- Financially unsustainable for government.
- Demand exceeds supply. In Victoria, for example, demand exceeds supply by 30%.

- A large proportion of stock is in disrepair yet on valuable land.
- The system does not offer the type of housing that many tenants need. The characteristics of demand have changed over time with little, if any, change in the supply. Demand is highest for one and two bedroom dwellings yet typically these are only around half of the supply.
- The public sector is generally less efficient in managing rental property than the private sector.
- Except in Western Australia, there is no assistance to social housing tenants with good tenancy records and stable incomes to make the transition to the private rental market.
- Whilst not always the case, social housing is in larger developments and does not achieve a broad mix of households.
- Whilst NRAS utilises private sector funding, by its nature it excludes small scale investors.

#### **Outline of Scheme**

- Utilise the untapped resource of small investors. Investors buy a new or existing property for rental purposes. This would be subject to broad guidelines provided

by state government agency regarding location, size, number of bedrooms etc and an upper value.

- Agent provides a market value for rental purpose. Rental would be subject to annual reviews.
- Owner approaches government agency with details of property and market valuation of rental value for endorsement for transitional housing. May need to facilitate a process for approval prior to sale completion to safeguard and encourage the investor.
- Tenant selected by government.
- Agent manages the property.

#### **Rental**

Current social housing schemes such as NRAS suggest that governments (federal and state) will need to subsidise the rental by at least 20%. In WA an upfront payment of 20% of the annual rental costs is made by the government.

Governments would need to guarantee the rental payment for the term of the arrangement.

Depending on the extent of the rental subsidy, governments may need to consider other assistance to the owner to achieve the equivalent

net yield if the property was rented in the private market. This could be through a stamp duty concession and land tax concessions at state level and income taxation provisions at federal level. This is no different in approach to the current arrangements for Community Housing Providers which receive taxation exemptions.

#### **Maintenance of property**

The managing agent and owner will attend to routine maintenance matters as currently occurs in the private rental market alleviating the need for government involvement.

Social housing tenants, just like private housing tenants, would be required to meet responsibilities of caring for the property leaving it in good condition at the end of a tenancy. Private tenants have a bond which is returned provided the property is left in good condition. Bonds are not, however, generally a part of the social housing system and do not encourage responsible behavior in a minority of cases. One way of addressing this would be through a bond collection scheme collected as a part of rental payments until an agreed level of bond is reached. The

bond would then be returned to public housing tenants if their property is kept in good condition at the end of their tenancy. The returned bond could then be used by tenants to get into the private rental market.

In the event that the bond is insufficient to bring the property back to the condition expected after normal wear and tear is taken into consideration, the government agency would be responsible for funding the required repairs. Under the WA transition scheme, the Government will fund any property damage up to \$5,000 in excess of the bond. The repairs would be organised through the managing agent eliminating the need for public sector resources.

#### **Benefits of Scheme**

- Increase in supply of social housing.
- Greater operational efficiencies through private sector responsibility for operations and maintenance.
- Utilisation of private sector finance and corresponding reduction in capital requirement by governments.
- Risk in land value transferred to private sector.
- Broader social mix.

#### **BANKING OMBUDSMAN**

The lending practices of banks and access to finance by first home buyers, older buyers and small businesses, including real estate agencies, have been questioned continuously, yet there is little recourse for those affected. The Australian Bankers' Association (ABA) has been less than cooperative in establishing an ongoing meaningful mechanism for stakeholder consultation.

Whilst the Financial Ombudsman Service exists, its role is one of dispute resolution between consumers and member financial services providers. Membership of the Financial Ombudsman Service is open to any financial services provider carrying on business in Australia.

In its submission to the 2011 inquiry by the Parliamentary Joint Committee on Corporations and Financial Services on Access for Small and Medium Business to Finance, REIA noted that post the GFC many real estate agents had found it more difficult to access affordable financing on reasonable terms. REIA found that competition in the banking sector has declined and banks' risk assessment of sound businesses had changed for no

apparent reason – e.g. when rent rolls are considered as an asset, the Loan to Valuation Ratio had changed markedly since the GFC, despite the risk associated with the rent roll remaining unchanged. At the same time, house buyers with unchanged financial circumstances were faced with much higher equity requirements.

Recognising that a “one size fits all approach” was neither fair nor appropriate, the major banks have established and are applying sophisticated “profiling” techniques to individual borrowers. Whilst this intends to avoid a blanket approach and take into account differences in circumstance and the purpose for borrowing, there are nevertheless downsides to the approach. Like all statistical approaches, where the number of observations are low the confidence interval is large and as a result banks take an extremely cautious approach. REIA is aware of cases where profiling of applicants in less populous postcodes is resulting in loan rejections because of unrealistically low valuations.

A mechanism needs to be in place where a proactive approach can be taken to identify such occurrences and have them rectified.

**HOUSING  
FOR ALL  
AUSTRALIANS**  
WHAT AUSTRALIANS NEED FROM  
THE NEXT GOVERNMENT

## REIA ELECTION POLICIES 2013

### REIA Proposes

- The Federal Government commits to the extension of the Financial Ombudsman Service to include regular meetings with stakeholder groups and the ABA to review banking practices.

### INDUSTRIAL RELATIONS

The Fair Work Amendment Bill 2013 was introduced into the Parliament on 21 March with the Government's intention to protect workers' penalty rates by 'writing them into law'. Prior to the Prime Minister's announcement on 14 March, there was no consultation with the business community about the industrial, financial and employment effects that might be imposed on business as a result of such legislative change, particularly in industries covered by modern awards, such as the Real Estate Industry Award 2010 (Award), that do not currently contain penalty rates for weekend work.

The Award was the product of a consent position between the unions and employer representatives in the industry. It was an award made by the industry for the industry. The flexibility it provides in relation to hours of work

is a reflection of its history as well as the characteristics of the industry. The mandatory insertion of penalty rates for weekend and evening work is particularly unfair where the exclusion of penalty rates from an award was both deliberate and the result of agreement between employee and employer representatives.

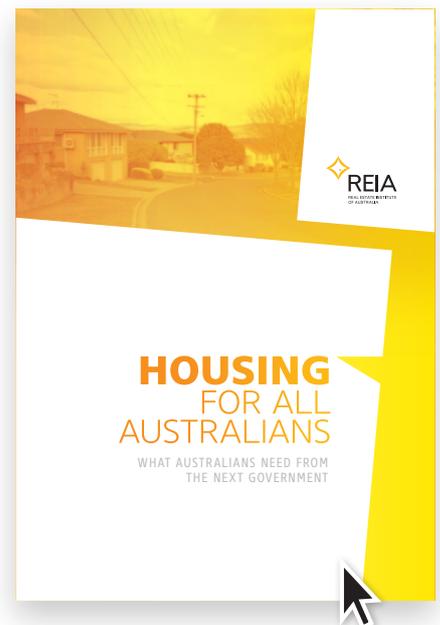
Real estate agents require flexibility in their working hours with evening and weekend work required to meet clients' needs. This is a distinguishing characteristic of the real estate industry. It is recognised and understood that their hours are dictated by the convenience of their clients. Over 98% of agents provide real estate services on a Saturday. Saturday is a convenient time for the general public to attend to their real estate needs with 92% of open homes held that day.

The amendments will have serious adverse effects on the real estate industry. Not only would costs be driven up but fees to clients would rise. This will have flow on effects to consumers through higher rents and the inconvenience and cost associated with the possible push by agencies to have open house inspections and auctions conducted

during normal weekday working hours. The introduction of penalty rates for evening or weekend work for real estate agents would require a complete rethink on how real estate agencies conduct their business.

### REIA Proposes

- Repeal amendments to The Fair Work Act, introduced into the Parliament on 21 March, to protect penalty rates by 'writing them into law'.



[Access full report online](#)



NATIONAL  
ASSOCIATION *of*  
REALTORS®

The National Association of Realtors would like to invite you and your members to the

**2013 REALTORS CONFERENCE & EXPO**  
8-11 November 2013 **San Francisco** California

With 22,000 real estate professionals and guests from all around the world expected to attend this year's **REALTORS® Conference & Expo**, the networking opportunities are endless. This year's agenda features over 100 education sessions, facilitated by leading industry experts, covering a variety of topics. The Expo will house 400 exhibitors demonstrating the latest and greatest real estate resources and technology. No matter where in the world you practice real estate, you're going to want to be in San Francisco for the **2013 REALTORS® Conference & Expo!**

If you have any questions, email NAR at:  
[NARGlobe@realtors.org](mailto:NARGlobe@realtors.org)

[www.REALTORS.org/conference](http://www.REALTORS.org/conference)

8-11 NOVEMBER 2013  
SAN FRANCISCO

RISE  
TO  
NEW  
HEIGHTS



## REIA ACCREDITATION

REIA presents certificates of Associate (AREI) and Fellow (FREI) of the Real Estate Institute of Australia to approved applicants, to recognise achievement of members' tertiary qualifications and their continuous involvement with REIs at state and territory level.

Industry recognition to the real estate practitioner provides weight to the commitment shown by the established professional. In over 30 years since their inception, REIA has presented only about 3500 AREIs and 3000 FREIs, maintaining the exclusive and prized nature of the accreditation.

To obtain an AREI or FREI applicants must be current members of their state or territory REI (for the past five or seven years respectively),

satisfy a number of by-laws listed in the application forms, show relevant documents to support their application and satisfy licensing requirements in their state or territory.

Following approval of an application, submitted initially to a state or territory REI and receiving final approval from the REIA Board, a formal certificate is presented to the member by their state or territory Institute, under the REIA company seal and appropriate personal registered number. Certificates can be displayed in the office of business of the recipient.

Application forms can be found at <http://reia.com.au/real-estate-australia-accreditation.php>

### REIA supports a reduction in red tape for small business

The Real Estate Institute of Australia (REIA) is pleased to see the *Coalition's Policy to Boost Productivity and Reduce Regulation* identifies measures that will reduce the red tape burden and lift productivity for small business.

REIA President, Mr Peter Bushby says, "The commitment to implement an option to send compulsory superannuation payments on behalf of employees to the Australian Taxation Office is a sensible move."

"The Coalition's announcement that the Commonwealth would administer Paid Parental Leave payments is also most welcome."

"Reducing regulation boosts productivity and is a positive

step towards lowering the cost of conducting business."

"REIA's submission to the Coalition's Red Tape Reduction Taskforce recommended these policies."

"We are thrilled by commitments that the administration of Paid Parental Leave (PPL) payments will be transferred from business to the Commonwealth and small business be allowed to transfer compulsory superannuation payments made on behalf of workers directly to the Australian Taxation Office."

"The PPL scheme currently poses a disproportionate administrative burden in terms of time and costs on small businesses."

"Administering payments, maintaining records, meeting

compliance and reporting requirements and undergoing the appropriate system upgrades are a hassle for our members and small businesses around Australia."

"The administration of superannuation payments similarly places additional costs on small business when it is easier and more efficient to bundle these up with PAYG payments to the ATO."

"As a small business owner myself, I know that we have better things to be doing with our Sundays than being unpaid tax collectors for the Government. We will welcome the extra time to spend with our families and friends and catching up on jobs around the house," concluded Mr Bushby.



L-R: Council of Small Business of Australia CEO Peter Strong and Opposition Leader Tony Abbott at the policy launch



*You cannot have strong communities without strong economies to sustain them and at the heart of strengthening our economy is reducing the red tape burden on Australian business.*

*Last year, the Productivity Commission reported that addressing areas of federal/state regulatory reform could boost our economy by \$6 billion a year.*



Opposition Leader  
**TONY ABBOTT**

# WANT TO FIND OUT MORE ABOUT PROMOTING YOUR BRAND IN **REIA NEWS**?

---

CONTACT REIA MANAGER COMMUNICATIONS ANDREA CLOSE ON  
**02 6282 4277** OR AT **[ANDREA.CLOSE@REIA.COM.AU](mailto:ANDREA.CLOSE@REIA.COM.AU)** FOR FURTHER  
INFORMATION.





Article by Angela Minn REIV

## THE TYPICAL REAL ESTATE AGENT A MELBOURNE PERSPECTIVE

In 2011, there were nearly 13,900 self-identified real estate agents in Victoria of which approximately 80 % lived in Melbourne. It should be noted that these are based on self-identified real estate agents as per the 2011 Census and do not necessarily imply that they are appropriately qualified.

There were over 11,100 real estate agents living in Melbourne with approximately 40 % residing in outer Melbourne. The remaining 60 % were relatively evenly distributed between inner and middle Melbourne suburbs.

But who is the typical Melbourne real estate agent? The research shows that it isn't exactly like Phil Dunphy from the comedy series "Modern Family".

The typical real estate agent is a 42 year old male, born in Australia. He is married with children and lives in a house – a rather large one. The typical real estate agent's home has three bedrooms with 40 % having four or more bedrooms, which is almost double the Melbourne average of 28 %.

A large home is unsurprising given his household is larger than the Melburnian average – 3 compared to 2.6 people. But he can afford to have a large home given he earns roughly 80 % more than

the average Melbourne household, with an annual pay packet of \$125,600.

However, earning a higher income comes at a cost as he works nearly eight hours more per week than the average Melburnian, approximately 42 hours. While that is his average, one in five real estate agents work over 55 hours per week, including weekends due to auctions.

Given our agent works pretty long hours, it is unsurprising that he has less time to contribute to domestic work. Approximately 58% of real estate agents in Melbourne do less than five hours per week of house work.

Working in real estate has led him to own real estate, at least partially. He knows that "rent money is dead money" and is happier paying off a mortgage than renting. More than half (52%) of Melbourne's real estate agents are paying off a mortgage compared to 38% of Melbourne households.

Though he doesn't fully own the home he lives in, the suggestion is he may have used his high income and equity in his home to borrow more money to buy investment properties. Fewer than a quarter (24%) of Melbourne's real estate agents own their home

outright compared to a third of other Melbourne households.

He pays on average \$2,300 per month on his mortgage which is 28% higher than the typical Melbourne household. If he was renting, he would be paying on average \$385 per week, also 28% higher than the typical Melbourne household.

He drives a car to work. Cars are important in real estate and you may notice that having a driving licence is often necessary before applying for a real estate job. But why stop at one car? He has at least two motor vehicles in his household. Approximately 29% of real estate agents have three or more motor vehicles compared to 16% in other Melbourne households. That big house must have a big garage.

He is an employee of a company, but may one day run his own business. After all, one in four real estate agents is an owner manager of his own enterprise compared to one in six workers in Melbourne.

Even though a university degree is not necessary to work as a real estate agent, over a third (34%) have one, mainly from a management or commerce field.



REIA

REAL ESTATE INSTITUTE  
OF AUSTRALIA



# Approved.

The approved insurance broker for  
The Real Estate Institute of Australia.

Contact Aon's Health Team today

**1300 734 274**

This article is brought to you by  
REIA Manager Policy, Jock Kreitals  
Jock can be contacted at  
jock.kreitals@reia.com.au



## NATIONAL WORKPLACE HEALTH AND SAFETY LAWS

National workplace health and safety laws, which have implications on the operation of real estate agencies, have commenced operation in all jurisdictions except Victoria and Western Australia.

REIA sought information from Safework Australia, the national agency responsible for developing work health and safety rules in Australia, on the impacts upon real estate agents.

The two main obligations relate to driving from site to site and open houses.

Safework Australia advises that estate agency principals have a duty to ensure employees do not drive from job to job in a fatigued state.

With regard to open houses and inspections, Safework Australia advises that under the new national law (NSW, Queensland, SA, Tasmania, ACT and the NT):

*Activities involved in opening a house are part of the business of a real estate agency. A 'workplace' is any place where workers are carrying out work, which includes the home of a client or a vehicle.*

*This means that the primary duty of care applies to the business involved in these activities. It does not, however, apply to individual workers (agents) in their capacity as workers.*

*The primary duty of care applies to 'persons conducting a business or undertaking', which is the legal entity that operates the business or undertaking—which may be for example an individual (in the case of a sole trader), corporation or government entity.*

*A real estate agency that engages employees and contractors—or just contractors—would owe the primary duty of care to all of these workers.*

*All workers (the agents) also have a duty of care and must:*

- *take reasonable care to protect their own health and safety*
- *not adversely affect the health and safety of others*
- *follow reasonable instructions on health and safety, so far as they are reasonably able, and*
- *co-operate with any reasonable policy or procedure of the business or undertaking relating*

» *article continues*

*to health or safety, for example a procedure requiring hazards or safety incidents to be reported.*

*Others at the workplace owe a similar duty of care.*

The last point raises the question of does an agent attract a duty to not put at risk other persons (usually possible purchasers/tenants) as a result of work carried out as part of the conduct of the business. For example, does showing someone around a house, who then hurts themselves through a slip and fall, attract liability to the agent? The response provided by Safework Australia was:

*Yes, the primary duty of care that real estate agents owe to workers and to 'others' at the open house applies. The duty applies so far as is reasonably practicable. Safe Work Australia has published guidance on the meaning of 'reasonably practicable'.*

*Things a real estate agency or the agent's business may need to do include:*

- *allowing time to consult with the owner(s) and check the condition of the property*

- *if a particular access point is unsafe—using alternative means to access the property, securing pets*
- *if something is potentially dangerous—for example an unstable structure, damaged asbestos sheeting or exposed wiring—consider alternatives to an 'open house' or (if possible) isolate the source of danger from the rest of the property, for example by securely locking off access, and*
- *using barricades, signs or other methods of communicating potentially unsafe things for example unsafe flooring or deck and instructions not to use these things.*

*Businesses should contact their local regulator for more advice in these circumstances.*

The following websites may help in providing guidance

Vic – <http://www.worksafe.vic.gov.au/safety-and-prevention/your-industry/real-estate>

WA – [http://www.commerce.wa.gov.au/worksafe/Content/Industries/Property\\_and\\_business](http://www.commerce.wa.gov.au/worksafe/Content/Industries/Property_and_business)

NSW – <http://www.workcover.nsw.gov.au/newlegislation2012/health-and-safetytopics/>

Qld – <http://www.deir.qld.gov.au/workplace/hazards/fatigue/shiftwork/>

SA – [http://www.safework.sa.gov.au/uploaded\\_files/info\\_cop\\_workinghours.pdf](http://www.safework.sa.gov.au/uploaded_files/info_cop_workinghours.pdf)

## INDUSTRY ARTICLE

# NSW BACK IN THE RUNNING

REIA heartily congratulates Gavin Croft as winner of the NSW Heat of the Australasian Real Estate Institutes' Auctioneering Championships.

With 12 years in real estate, Gavin is currently the sales manager and auctioneer for the Darlinghurst and Glebe offices of Bresic Whitney Estate Agents.

Edward Riley, also from Bresic Whitney, was the runner up in the event which showcased the state's most professional and skilled auctioneers and was hosted with the assistance of the Estate Agents Cooperative Ltd (EAC), a member of REIA's Affiliates' Council.

"We are very happy to welcome NSW auctioneers back for this terrific competition and we're thrilled it's been such an enormous success. Now we just need to wrestle the Australasian title from the Kiwis and all will be well," said Mr Bushby.

The Australasian Real Estate Institutes' Auctioneering Championships were first held in 1993, providing a

significant opportunity for both Australia and New Zealand to showcase the best auctioneers they have to offer.

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

Estate Agents Co-operative Ltd Vice Chairman Peter Carmont said, "It is about time that NSW took the title again and we look forward to our winner and runner up taking it up to New Zealand, which has won the title four times in the last five years."

Gavin and Edward now progress onto the Australasian Real Estate Institutes' Auctioneering Championships to join contestants from around Australia & New Zealand at the final event from 23–25 September in Perth.



Upper L-R: Winner Gavin Croft with Amanda Lynch, REIA CEO and Peter Carmont, Vice Chairman EAC

Lower: Runner up Edward Riley

# 2013

Australasian Real Estate Institutes'  
**Auctioneering  
Championships**



## 2013 Australasian Real Estate Institutes' **Auctioneering Championships**

23 - 25 September 2013

Crown Perth  
Perth, Western Australia

**For more information and to register, visit**  
[www.auctionchampionships.com.au](http://www.auctionchampionships.com.au)

Proudly hosted by:



## INDUSTRY ARTICLE

### WOMEN IN INDUSTRY HUB TO BREAK DOWN THE BARRIERS

Improving future participation and opportunity for women in industry has been given a boost with Senator Kate Lundy announcing the *Women in Industry Hub*, which aims to increase participation and support of women in the construction and property service industries.

“Women make up around 13 % of those in the total construction industry with participation in the trades as low as 1 per cent as shown by the

most recent release of Census data. The *Women in Industry Hub* will be a first point of contact for women in the construction and property services industries to network, find a range of career related information and break down the traditional barriers to entry into the industry,” said CPSISC CEO Alan Ross.

“In light of the extremely low numbers posted by the most recent Census, CPSISC and the National Association

for Women in construction (NAWIC) are determined to bring in industry leaders to address the issue. Women in Industry Leader Sam Sheppard of Buildmore Group, presented the hub concept following the interest from the Women into Building Industry Showcase house on the Sunshine Coast, built almost entirely by women.

“The objectives of the project are to enhance education, promotion, recruitment, retention and career progression for women in the construction and property services industries. In addition to creating a substantial educational support tool, the information hub will be a first point of contact for women in industry to find information about the industry, share like experiences, apply for industry awards and to meet women in industry leaders such as Sam.”

“The national information hub will have an initial focus on ACT/NSW construction, then expand nationally with the property services focus, with potential to expand into other industries in the future (e.g. mining, agriculture, manufacturing, forestry).

It is expected that the hub will be available by early December 2013.



L-R: Mr Noel Hamey, Chair CPSISC; Emma Stirling, Tiala Combridge, Brooke Foley and Alissa McDermott, apprentices currently studying Carpentry/Joinery at CIT Bruce; Senator the Hon Kate Lundy; Ms Sam Sheppard OAM, Buildmore Group; and Andrew Leigh MP, Federal Member for Fraser.



# A BIG idea needs SMART advice



They say life's what happens when you're busy making other plans.

I know I can't ignore my finances, especially my super. I need to know it's working hard for me as I'm going to need to rely on it in the future.

So I got some great advice from Bendigo Bank and now I know how to make my big ideas happen.

## 3-steps to your big idea

**1** Avoid paying multiple fees. Consolidate your super to a low-cost fund like Bendigo SmartStart Super® and save.

**2** Work out what portion of your salary you can contribute to super. Any extra can give your balance a real boost.

**3** Review your life insurance and income protection. Placing this cover inside super means the premiums may not impact your cash flow.

**Get started today with a FREE Wealth Consultation**

Ask at any branch Call 1800 018 018 Visit [bendigobank.com.au/wealth](http://bendigobank.com.au/wealth)



Issued by Bendigo Financial Planning ABN 81 087 585 073 AFSL 237898, a subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 (the Bank). Bendigo SmartStart Super® ABN 57 526 653 420 is issued by Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 (Sandhurst), another subsidiary of the Bank. Investments in this product are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. Consider your situation and read the Product Disclosure Statement (PDS) available at [www.bendigowealth.com.au](http://www.bendigowealth.com.au) before making an investment decision. (S44190) (04/13)

# Is your client's rental property really protected?



Terri Scheer is Australia's leading landlord insurance specialist, offering protection for your client's rental property from risks that standard building and contents insurance may not cover, including:

- ◆ Malicious and accidental damage by tenants
- ◆ Theft by tenants
- ◆ Loss of rent

That's real protection from as little as one week's rent per year\* - and may be fully tax deductible.

Benefits to Property Managers:

- ◆ Protects management fees
- ◆ Protects client relationships

For more details call us on 1800 804 016 or visit [terriscbeer.com.au](http://terriscbeer.com.au)



\*Cost comparison based on average premium cost and claimed loss of rent data between 1/01/12 and 6/12/12 under our Landlord Preferred Policy types. Consult your tax advisor in relation to tax deductibility of premium. Terri Scheer Insurance Pty Limited (ABN 76 070 874 798, AFSL 218585) acts on behalf of the landlord insurance product issuer, AAI Limited (ABN 48 005 297 807 AFSL 230859) trading as Vero Insurance. Please consider the Product Disclosure Statement before making any decision about this product. Call 1800 804 016 for a copy.

Australia's Leading Landlord Insurance Specialist



## INDUSTRY ARTICLE

For more information on employer super obligations including choice of fund and modern award, please visit

[www.reisuper.com.au](http://www.reisuper.com.au)

## SUPER CHANGES

1 JULY

**Big changes in superannuation and financial advice have started from 1 July which affects those working in real estate**

### **New low-cost Super**

**MySuper** is a low-cost default superannuation product that must be offered to employees who do not choose their own fund from 1 January 2014.

**REI Super is MySuper authorised** and employers can continue to offer REI Super to their staff.

Employers not currently using REI Super are invited to [contact us](#).

[For more information about MySuper](#)

### **Extra cash in your Super**

From 1 July the superannuation guarantee, the compulsory super payments that employers give their workers, rises from 9% to **9.25%**.

This increase is the first stage of several incremental rises in the

level of compulsory contributions to 12 per cent by 2019, and delivers big benefits to super fund members when combined with other measures such as the tax rebate (see below).

For example, someone earning an annual salary of \$37,000 would accumulate an additional \$50,000 in super over the next 20 years under the new minimum superannuation guarantee coupled with the low income tax rebate (see below).\*

For those earning \$150,000, the additional super would be more than \$173,000 after 20 years.\*

### **Tax rebate for lower income earners**

Australians earning less than \$37,000 a year will receive a \$500 tax rebate on their super contributions, to

show up in the annual statements arriving in September.

Eligible members won't have to do anything to receive this benefit.

### **Increase in contributions cap**

If you are over 60, the concessional contributions cap will increase from \$25,000 to \$35,000 from 1 July.

The higher cap further extends to the over 50s in July 2014.

Now is a good time to re-examine your super: you could maximise your retirement savings by taking an interest in your investments inside super, checking that we have your tax file number, and checking if you have any lost super through REI Super's free lost super search

### **Older Australians entitled to Super**

Compulsory employer super payments are extended to workers aged over 70.

### **Financial advice changes**

A raft of reforms to financial advice occurs on 1 July, with perhaps the biggest change being a ban on commissions charged by investment products. This does not apply to your existing retail products if you have them.

### **REI Super has *always* been and *always* will be commission free when it comes to paying commission for financial advice.**

Australians pay \$2 billion a year in fees and commissions to financial advisers, often not knowing they are being charged, and "grandfathering" rules in place for adviser commissions on existing products mean people who don't act won't benefit. "The grandfathering extends to all existing arrangements.

Speak to REI Super about becoming a member today.

\*Source: [Industry Super Network](#)

» *The information contained in this article does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REI Super advises that REI Super has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Member should obtain and read the Product Disclosure Statement for REI Super before making any decisions. REI Superannuation Fund Pty Ltd ABN 68 056 044 770 AFSL 240569. RSE L 0000314 REI Super ABN 76 641 658 449 RSE R1000412 July 2013*

This article is brought to you by REIA  
 Research Officer, Evgeniya Hawthorne  
 Evgeniya can be contacted at  
 evgeniya.hawthorne@reia.com.au



# FIRST HOME BUYERS CAN'T AFFORD TO ENTER THE MARKET

The Australian residential property market has recently been showing signs of improvement. Investors and changeover buyers are being drawn back to the market following interest rate cuts and the positive outlook for housing. Unfortunately, first home buyers are missing out on the favourable environment due to a number of reasons – stamp duty, the size of deposit required and ability to save for it, unemployment and underemployment concerns. Recent changes to the First Home Owner Grant in all states and territories (except for Western Australia and the Northern Territory) have added to the uncertainty and impacted on the activity of first home buyers in the market.

As part of the Intergovernmental Agreement (IGA) on the Reform of Commonwealth/States Financial Relations signed in June 1999, all states and territories agreed to provide uniform financial assistance to Australians who are buying their new or established first home through the introduction of the First Home Owner Grant.

According to the recently released QBE Lenders' Mortgage Insurance's (QBE LMI) 2013 Mortgage Barometer

Report, 84% of first home buyers believe property prices are close to reaching or are above what they can afford and 69% worry they will never be able to afford their own home (compared to 24% of all respondents). Unfortunately, governments of most states and territories have made it much harder for first home buyers to see their dreams realised.

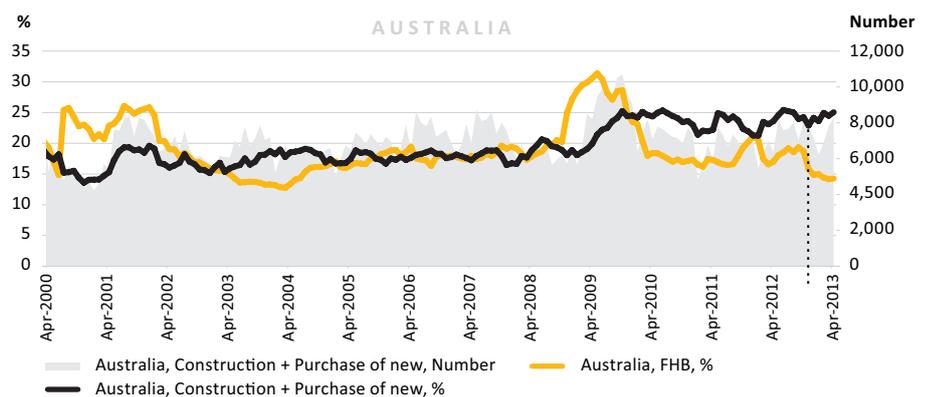
Table 1 shows recent changes to the First Home Owner Grant.

As a result of the new policies, the Australian Bureau of Statistics' figures for March 2013 show that first home buyers are becoming an endangered species.

Table 1

FHOG for established homes	
New South Wales	ceased on 30.09.2012
Victoria	to end on 30.06.2013
Queensland	ceased on 10.10.2012
South Australia	was reduced from 22.11.2012 to end on 30.06.2014
Tasmania	to end on 30.06.2014
Australian Capital Territory	to end on 31.08.2013

Figure 1



» article continues

Figure 1 shows that in Australia, only 14.2% of owner-occupier housing finance commitments in March were from first home buyers – the lowest level seen since May 2004. Housing finance figures for April show that, in New South Wales and Queensland, where the grant ended in October last year, first home buyers made up only 7.3% and 10.3% of the owner-occupier market respectively with both states significantly decreasing their share in the total number of first home buyers in Australia.

Two out of three first home buyers in NSW and Queensland surveyed by the QBE LMI's indicated the new policies made an impact on their purchase intentions.

With new arrangements aiming to stimulate building activity, it is too early to expect substantial positive results on the industry. REIA has been lobbying hard against the breach of the IGA, however we are still to hear what the Commonwealth will do.

Figure 2

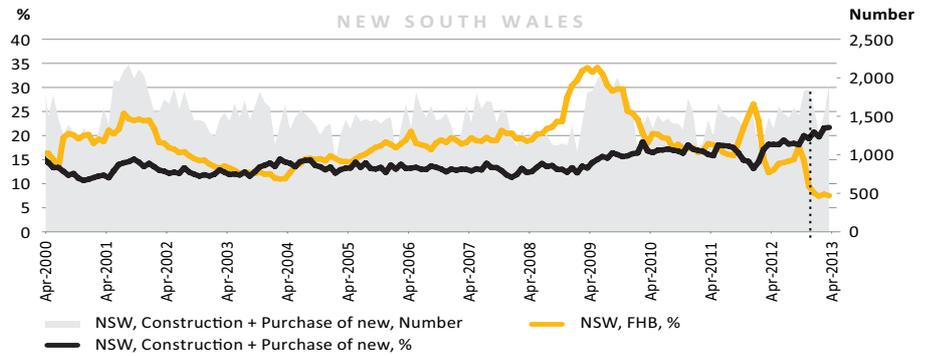


Figure 3

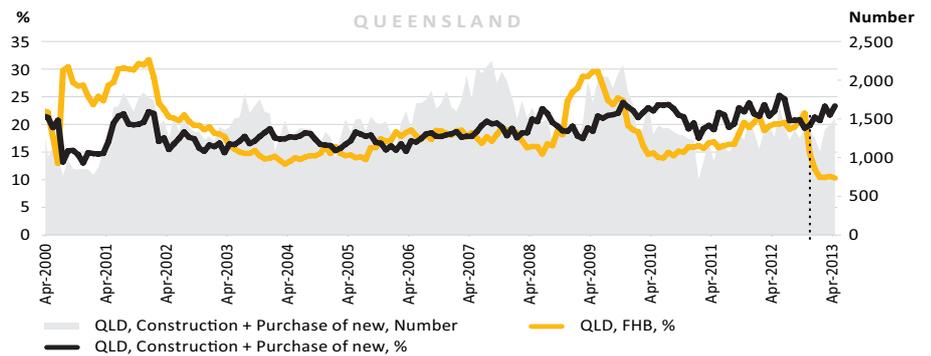
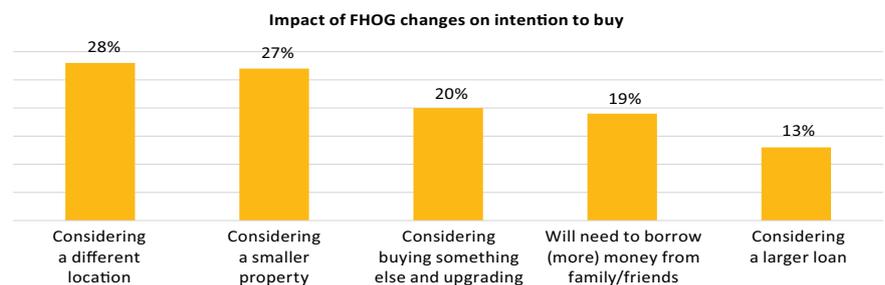


Figure 4



# FIABCI AUSTRALIA REPORT

In my June report, I spoke about the very successful Congress in Taichung Taiwan and thought I'd share a few photos of the highlights to encourage our members to attend next year's event in Luxemburg.

I'm very excited to see that our membership is growing again. At the last Real Estate Institute of Tasmania (REIT) Board meeting, CEO Mark Berry moved that all REIT Board Directors become FIABCI members.

It is great to get that type of support from our leaders in the Real Estate Institute and it'd be fabulous if the other REIs followed Tasmania's lead.



*Chris McGregor*

World President Elect Robyn Waters visited the Apple Isle recently and the wild weather had us chatting about this year's Winter meetings in Dublin from 4–7 December. If you have never been to that part of the world, it's an excellent opportunity to visit a fabulous city. Go to [www.FIABCI-Ireland.ie](http://www.FIABCI-Ireland.ie) and check it out.

The other big news is that REIV will be hosting an event attended by World President Flávio Gonzaga B. Nunes from Brazil. We're thrilled that he has included Australia as part of his program and I thank Enzo Raimondo, CEO REIV, for his support.

Best wishes,

**Chris McGregor**

PRESIDENT • FIABCI  
AUSTRALIAN CHAPTER

**P.S.** We have a young member from Germany that would like to spend three months work experience in a successful office in Sydney and Melbourne. If you are able to assist, please contact me on 0407 421177 to discuss.



*L-R: Former World President Judy Shenefield, Patricia Delaney from head office in Paris and World President Elect Robyn Waters*



*L-R: Kateryna Pylypchuk from the Ukraine, past World president Luis F Correa from Columbia, Jana Mrowetz from Berlin and Chris McGregor*

# Your office is now open 24 hours a day, 7 days a week!

With REST Professional Owner & Tenant Portals your clients can now access important information and documents online, anywhere, anytime.

With REST Professional Owner & Tenant Portals you can now provide a greater service to your owners & tenants as well as reinforce your relationship and branding every time clients access their unique portal from your website.

**NSW Residential tenancy agreement**  
Residential Tenancies Regulation 2010 Schedule 1 Standard Form Agreement (Clause 4(1))

Landlord Name:  
**Sharon Stone**

Address for services of notices (can be an agent's address):  
**1 Chandos Street ST LEONARDS NSW 2065 Tel:(02) 9966 0900 Fax:(02) 9966 0922**

Telephone number (of landlord or agent):  
**02 908 5555**

Tenant's Name (1):  
**Brad Pitt & Angelina Jolie**

Tenant's Name (2):

Tenant's Name (3):

Add all other tenants here:

Address for services of notices:  
**23 Bay Street BALMAIN NSW 2041**

Telephone number/s: **H: 9966 8790 W: 9966 5435 M: 0417550555**

Landlord's agent:  
**Rockend Real Estate**

Address for services of notices:  
**1 Chandos Street ST LEONARDS NSW 2065 Tel:(02) 9966 0900 Fax:(02) 9966 0922**

Telephone number/s: **02 908 5555**

Real Estate  
THE BEST REAL ESTATE SERVICES FOR YOU

Sydney's Premier Real Estate Agency Contact | FAQ | Change Password | Logout

Portfolio My Details Statements Documents

Property Portfolio

**23 Bay Street BALMAIN NSW 2041**

Property details  
GREAT LOCATION, GREAT PRICE!  
Modern 3 bedroom home close to Balmain Village. All bedrooms with built ins, modern kitchen, brand new bathroom, and good size living area. Minutes to Balmain's cafes, restaurants and buses.

Tenancy details  
Lease Name  
Brad Pitt & Angelina Jolie  
Rent  
\$480.00  
Period  
W1  
Paid to  
25/04/2013

Real Estate  
THE BEST REAL ESTATE SERVICES FOR YOU

Sydney's Premier Real Estate Agency Contact | FAQ | Change Password | Logout

Portfolio My Details Statements Documents

Documents

Property Code	Document type	Date
BAY23	Property Photo	04/02/2013
BAY23	Correspondence - Owner	17/01/2013
BAY23	Lease Agreement	20/04/2012
BAY23	Management Agreement	13/04/2012

## Owner & Tenants can also:

- Access their property information 24hrs a day, 7 days a week
- View important property and financial data anytime
- Download statements and documents
- Directly contact your business from the portal



**Microsoft**  
GOLD CERTIFIED  
Partner



Go to [www.rockend.com.au](http://www.rockend.com.au) to find out more today!

Call us now to find out more about REST Professional 1300 657 700

**rockend**  
The leader in property software

# INDUSTRY UPDATE

Industry news from around Australia



## WA Residential Tenancies Act

The Western Australian Government has overhauled the 27 year old Residential Tenancies Act and modernised its rules and regulations. The changes apply to all new and renewed residential lease agreements starting this financial year.

Owners in particular need to be aware that property condition reports are mandatory at the start of a lease, there are increased security requirements for doors and windows and there are changes to both Option Fees and bond arrangements.

Tenants should be aware that changes have been made to urgent repairs, notices for ending fixed term leases and greater time frames are now allowed for infringement notices.

In WA around 60 per cent of rental properties are managed by agents with the remaining 40 per cent being looked after directly by owners.

Current REIWA data show that Perth's vacancy rate for available rental properties has lifted to 3.2%, up from a tight 1.9% in December last year.

The metropolitan median price for rentals for the March quarter stands at \$470 per week.

## Self-Education Expenses

The Australian Institute of Building (AIB) has urged the Federal Government to reconsider their recent proposal to cap the tax deductibility of self-education expenses at \$2000. "The Australian Institute of Building (AIB) has grave concerns about this proposal, which has been announced without any widespread consultation with key stakeholders and the community", said Mr Robert Whittaker, AIB National President. "Capping tax the tax deductibility of self-education expenses at \$2000 will have a significant impact on participation in professional postgraduate courses in building and construction. This will reduce the supply of skills to construction companies in Australia, which will affect many areas of their businesses, such as their bottom line,

safety, quality, environmental performance, and workplace relations, to name a few."

REIA is currently preparing a submission to government on this.

## When the going gets tough, the tough get creative.

In an attempt to defy a downturn that has seen the average Cairns house price drop by 6.1% in the past three years, one local agent is penning property descriptions in poem form.

The Wordsworth of real estate, otherwise known as Daniel Sheehan of property4you, is opting for rhyming couplet in his attempt to secure a deal.

*This delightful and tidy three-bedroom place has just enough room for your storage space if you're in the market for a little thing of beauty inspecting this is not an option – it's your duty.*

*It's been freshly painted both inside and out thus it's been very well kept, there ain't no doubt block internal walls make it solid as a rock protecting you from a cyclone, a thief, or even a croc.*

It's not the first time Mr Sheehan has shunned prose in his publicity.

"Every now and then I get a client who doesn't mind, so I go to town with the creativity. It gets people's attention. People actually call in and say 'well done on your ad'," Mr Sheehan said.

As quirky marketing goes, Mr Sheehan said that poetry is quite tame compared to some of the other strategies sellers have adopted.

"I know some people do videos that are pretty quirky: half-naked women in a Gold Coast apartment being rescued by helicopters, and making a bit of a James Bond theme. It all depends on the property. On a very expensive property I probably wouldn't risk a poem. But it depends on my client. If they've got a bit of a sense of humour, I'll run the idea by them."

News.com

## Fake it 'til you make it

Synthetic grass has come a long way since the garden-challenged designs of the 1960s and is now popping up on the rooftops of the CBD and the backyards of suburbia.

No longer the bright green "carpet" of the past, today's artificial grass can be a lush thick lawn that looks just like the real thing to the naked eye and even feels similar under bare feet or the four paws of the family pet.

One sure way to kill living grass is the family dog, but synthetic grass is now so sophisticated that no matter how destructive the dog, the fake stuff will win out.

Despite faux turf's past patchy reputation, synthetic grass has gained such a following it can even add value to the family home.

Real estate agents say anything that reduces maintenance helps add to the value of a property and synthetic grass is something that does just that. It is certainly more expensive than normal lawn to install, but done well it is maintenance-free.

It's for the gardener who has little time, or for areas where real lawn simply won't survive. But for the purist, there will never be a substitute for the real thing.

Daily Telegraph

## Mortgage delinquencies

Mortgage delinquencies have continued to increase despite several drops in the official interest rate, according to a new report from Fitch Ratings.

**The worst 20 performing postcodes**  
(By value, percentage of 30+ day arrears)

1. 2315 – Nelson Bay, NSW (6.6%)
2. 7010 – Montrose, TAS (5%)
3. 2262 – Budgewoi, NSW (4.4%)
4. 2325 – Cessnock, NSW (4.2%)
5. 3047 – Dallas, VIC (4.2%)
6. 4114 – Kingston, QLD (3.8%)
7. 6109 – Maddington, WA (3.5%)
8. 2558 – Eagle Vale, NSW (3.5%)
9. 2164 – Smithfield, NSW (3.5%)
10. 4217 – Surfers Paradise, QLD (3.4%)
11. 2171 – Hoxton Park, NSW (3.4%)
12. 4133 – Waterford, QLD (3.4%)
13. 2641 – Lavington, NSW (3.4%)
14. 2575 – High Range, NSW (3.3%)
15. 2168 – Green Valley, NSW (3.3%)
16. 2753 – Richmond, NSW (3.3%)
17. 2766 – Rooty Hill, NSW (3.2%)
18. 5112 – Elizabeth, SA (3.1%)
19. 2176 – Bossley Park, NSW (3.1%)
20. 2161 – Guildford, NSW (3%)

# MAKING NEWS

## General national news



### Online scammers

The Australasian Consumer Fraud Taskforce is urging consumers to stay one click ahead of scammers when shopping online as more and more Australians – and scammers – take advantage of the online environment.

The Taskforce's National Consumer Fraud campaign, 'Outsmart the Scammers!' focuses on helping Australians identify online shopping scams so that they can shop safely online without being duped.

The ACCC launched its Targeting Scams annual report on scams activity, which revealed that Australians lost over \$4 million to online shopping scams in 2012. The ACCC received over 8,000 contacts on these scams, an increase of 65% since 2011.

For more information on the Taskforce and National Consumer Fraud, including common online shopping scams, visit [www.scamwatch.gov.au/outsmarthescammers](http://www.scamwatch.gov.au/outsmarthescammers).

### Tax help

It's time for 12.4 million Australians to start lodging their income tax returns and the ATO is offering improved services to help.

"One of my first priorities is to deliver better, more contemporary services for the community," said Tax Commissioner Chris Jordan.

"This year we're offering practical ways to make it easier for people to meet their obligations. Doing business on mobile devices and online is nothing new and it's what the community expects. That's why we've focussed on delivering a mobile app, digital magazine, and an improved website to help people this tax time."

The new app, *ATO Tax 2013*, is available free from the Apple Appstore and Google Play. It provides information on lodging your return, answers frequently asked questions and lets you monitor the progress of your return.

The ATO's website has a new look to make it easier for people to find what they're looking for this tax time, and allows them to log on to online services to manage their tax and super information.

"When it comes to completing and lodging your return e-tax, our free online service, is the easiest way. Last tax time 2.6 million people used e-tax."

"And finally there's good news for patient Mac users – e-tax is now available. It's been a long time coming, but Mac users can now take advantage of this free online service," concluded Mr Jordan.

You have until 31 October to lodge your own return or register with a tax agent. [www.ato.gov.au](http://www.ato.gov.au)

### National Infrastructure Plan

Infrastructure Australia has released its latest report, the National Infrastructure Plan, to the Council of Australian Governments.

In launching the Plan, Chairman, Sir Rod Eddington AO, observed, "Our aim in preparing this Plan has been to provide governments and the community with a clear set of actions to take advantage of the opportunities offered by the growth of the Asian economies over the next half century."

The Plan includes the latest update of Infrastructure Australia's Infrastructure Priority List.

"Although the projects are important and they capture the attention of the media and other players, it is our ability to implement much needed infrastructure reforms that will determine whether we succeed in capitalising on the opportunities before us," Sir Rod concluded.

The report can be downloaded from [www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au)

### SMEs

Many regulators need to do more to understand the burden of regulation on small businesses, according to a draft report released by the Productivity Commission.

In its draft report, the Commission argues the capacity of small businesses to fulfil compliance tasks should be at the forefront of a regulator's mind when administering regulation.

The draft report proposes a suite of changes to secure benefits for small businesses and, importantly, also for the broader community. In particular:

- Regulators should focus on the brevity, clarity and accessibility of their communication to small businesses.
- Compliance and enforcement strategies should be proportionate to risks posed to communities and facilitate voluntary compliance. Regulators should make a stronger commitment to decision timeframes.
- Regulators should be resourced to do their job effectively, including to avoid the shifting of costs onto businesses.
- Governments should ensure independent, low-cost mediation services are available to help resolve disputes between small businesses and regulators. Where currently in place, Small Business Commissioners should undertake this function.

The Commission found that leading practices were more commonly in place among regulators adopting a risk based approach than those that do not. The Commission also found that regulators with effective engagement policies and procedures were more likely to have senior leadership that invest in, and foster, a business focused culture among their staff.

The Commission seeks comment on this draft report to develop its final report to Government by the end of September. Workshops will be held in July/August to canvass the views of interested small businesses.

[www.pc.gov.au](http://www.pc.gov.au)

# POLITICAL WATCH

Information and news from government



## New Cabinet and Ministry

The Hon Kevin Rudd MP announced his new Cabinet and Ministry on 1 July. The following is a summary of the major changes.

- Deputy Prime Minister, the Hon Anthony Albanese MP retains his previous roles as Minister for Infrastructure and Transport and Leader of the House and also takes on the portfolio of Broadband, Communications and the Digital Economy.
- The Hon Chris Bowen MP was appointed Treasurer and also will be responsible for Financial Services and Superannuation.
- Leader of the Government in the Senate, Senator the Hon Penny Wong retains her portfolio of Finance and Deregulation.
- Deputy Leader of the Government in the Senate, Senator the Hon Jacinta Collins retains her role as Manager of Government Business in the Senate and takes on the portfolio of Mental Health and Ageing.
- The Hon Mark Butler MP takes over the portfolio of Minister for Climate Change, Minister for the Environment, Heritage and Water.
- The Hon Tony Burke MP is the new Minister for Immigration, Multicultural Affairs and Citizenship and retains his position as Minister for the Arts.
- The Hon Brendan O'Connor MP takes on the portfolios of Minister for Employment and Minister for Skills and Training.
- The Hon Bill Shorten MP retains the portfolio Workplace Relations and adds responsibility for Education.
- Senator the Hon Kim Carr returns to Cabinet as Minister for Innovation, Industry, Science and Research and Minister for Higher Education.
- The Hon Tanya Plibersek MP adds Medical Research to her responsibilities as Minister for Health.
- The Hon Julie Collins MP becomes the Minister for Housing and Homelessness, Community Services, Status of Women, and Indigenous Employment and Economic Development.

- The Hon Richard Marles MP becomes the Minister for Trade.
- The Hon Catherine King MP will serve in Cabinet as the Minister for Regional Australia, Local Government and Territories.
- The Hon Joel Fitzgibbon MP re-joins the Cabinet as Minister for Agriculture, Fisheries and Forestry.
- The Hon Mark Dreyfus QC MP continues on as Attorney-General, Special Minister of State and Minister for Emergency Management and Minister for Public Service and Integrity have been added to his title.
- Senator the Hon Bob Carr retains Foreign Affairs.
- The Hon Stephen Smith MP retains Defence.
- The Hon Jenny Macklin MP continues on as Minister for Families, Community Services and Indigenous Affairs and as Minister for Disability Reform.

The Coalition Shadow Ministry remains unchanged.

## Building Better Cities

Shadow Treasurer Joe Hockey discussed possible incentive payments to the states to accelerate the release of land and lower the costs of new construction, in a speech at the HIA's 'Building Better Cities' summit.

The construction industry contracted at a slower pace in June, according to the Ai Group and HIA's Performance of Construction Index.

The number of private sector house approvals rose 1.5 per cent in trend terms during May, according to the ABS.

The ABS building approvals figures give mixed signals for the industry, according to Master Builders.

Monthly new home sales figures are back to their highest level in 18 months, according to the HIA's New Home Sales report.

CCH

## One-stop-shop for environmental approvals

A Coalition government says it will establish a one-stop-shop for environmental approvals and dramatically simplify the approvals process across federal, state and local jurisdictions, while maintaining environmental standards.

State and territory governments will be given the opportunity to act as a one-stop-shop. This would include:

- Creation of a single approvals process for environmental assessment and approvals under the Environmental Protection and Biodiversity Conservation Act via the state system, as part of long-term agreements with each state and territory.
- Development of the ability and incentive for local government to be part of the one-stop-shop single assessment process.
- Creation of a single lodgement and documentation process. The single documentation and assessment process could also be expanded to make a single entry point and one-stop-shop for all government approvals across portfolios.

Establishing a one-stop-shop for environmental approvals is part of the Coalition's plan to deliver more efficient government and more productive businesses through cutting \$1 billion in red and green tape costs each year.

In a submission to COAG, the Business Council noted that obtaining approvals for one major project had cost \$25 million and involved 4000 meetings, briefings and presentations and the preparation of a 12,000 page report. After two years, 1200 state and 300 Commonwealth conditions were imposed with a further 8000 sub-conditions.

Under the Coalition's policy, applications will continue to be assessed against relevant state and territory legislation, however this will occur concurrently with the federal requirements, with proponents only having to interact with the one-stop-shop.

# THE WORLD

Property news from around the world



## US sales

In January, the average 30-year mortgage rate was 3.34%. In the most recent survey, the rate jumped to 4.46%, up more than half a percentage point from the week before.

While that is still a bargain by historical standards – the benchmark rate averaged about 8% in 2000 – the summer buying season combined with the possible end of the Federal Reserve Bank easing policy, will move millions of buyers into the home market.

Overall, the outlook for US housing continues to improve. Home prices posted the biggest gain in seven years in April, up 12% from April a year ago.

Pending home sales hit a six-year high in May, according to the National Association of Realtors, the real estate trade association.

Tight supply and pent-up demand have nudged buyers into the market. Higher mortgage rates, which have shot up over the past month, are also motivating buyers to make bids and close sales.

At the current pace of economic and job growth, mortgage rates could hit 6% next year. Not every housing market will experience this upswing, though. Prices may not have bottomed out in some areas.

## UK prices

UK house prices increased across almost a third of Britain last month in the biggest uplift seen in almost six years.

Prices grew in 31% of postcodes in England and Wales, marking the highest proportion recorded since September 2007, as improved market activity spread beyond London.

House prices increased by 0.4% in June, matching the growth seen in May which was the highest increase seen in a single month since June 2007.

Just 3.1% of postcodes saw house prices fall, representing the smallest share seen for three years.

London recorded the strongest growth in June, with prices rising by 0.9% for the second month in a row.

A string of recent studies have pointed to a pick-up in the housing market in recent months, with many reporting that first-time buyers are finding it easier to get a mortgage deal and sellers are growing more confident about sticking close to asking prices.

The recent boost in first-time buyer numbers is adding to the shortage of supply, because these buyers are not bringing any homes to market to sell.

## Canada

Canadian mortgage rates are rising again and that's spurring buyers to jump back into the market, cutting short an already brief housing downturn.

After nearly a year of cooling sales and plenty of concern that Canada could head for a US style housing crash, demand has roared back in key markets. What's still unclear, however, is whether the recent surge is a reinflation of a real estate bubble, a final rush of buyers before rising rates choke off demand, or just a sign of market resilience.

After a long, cold spring that dampened house hunting, May sales of existing homes rose 3.6%, the biggest monthly gain in almost 2-1/2 years, returning the market almost to where it was before Canada's Conservative government tightened lending rules in mid-2012 to stave off a housing bubble.

Housing starts also jumped much more than expected in the month, adding to evidence that late-spring buyers have breathed life back into a market that some had forecast was heading over a cliff.

## Renting in Italy

In Italy there are generally two types of residential contracts, the first being free market contracts. These are based on an

agreement made between the owner and the tenant. The contract lasts for four years, with an automatic renewal of a further four years (often called 4+4).

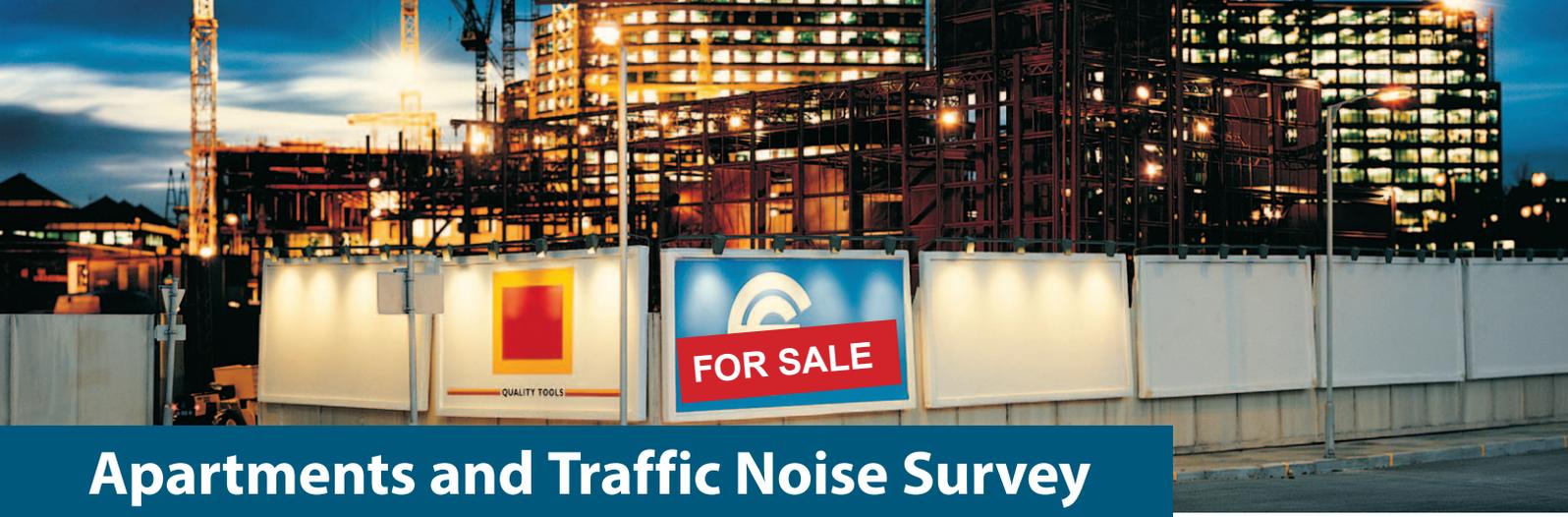
The second type is mutually agreed contracts – these are more flexible contractual forms for particular situations and groups of people. This type of contract allows for residential with a duration of 3+2 years which can usually be increased to 4+2 and even beyond; transitory, which has a duration of 1 to 18 months and cannot be renewed and is applicable usually to particular situations such as the need for the tenant to have the apartment available for a short period, for example a temporary work contract; and student rentals with a duration of between 6 and 36 months. This can be used in municipalities where there is a university and in their neighbouring municipalities.

Rental agreements in Italy differ quite a lot from those in most Anglo-American countries, where a lessee is normally responsible for paying a fixed rental, water and energy bills and the owner/lessor is responsible for maintenance of the property and any municipal and condominium levies. In Italy the lessees do not just pay rent but take on more of the financial obligations for the property they are renting.

Over and above water and energy bills you will be responsible for all service charges pertaining to the property such as central heating, lift maintenance, stair cleaning, ordinary maintenance of the courtyard and garden, cold water from central systems, and any costs for the administration of the apartment building and waste tax. Repairs to the sanitary fittings, electrical system, plumbing, gas and hot water systems are all the lessor's responsibility.

On expiry of the contract the property must be returned to the owner in the same condition, without prejudice to normal wear.

ExpatsItaly



## Apartments and Traffic Noise Survey



The Australian Building Codes Board (ABCB), through the National Construction Code, develops regulation to address issues of safety and health, amenity and sustainability in the design, construction and performance of buildings.

The ABCB is considering the impact of noise from road traffic on the health and amenity of residents living in apartments. In order to understand whether traffic noise is an issue for purchasers, the ABCB invites you to share your experiences and conversations you have had with prospective purchasers of apartments.

We invite you to complete a short survey of approximately 5-10 minutes.

Survey closes on 31 July 2013.

[Complete Survey](#)

## REIANEWS

IS A PUBLICATION BROUGHT TO YOU BY THE REAL ESTATE INSTITUTE OF AUSTRALIA. FOR FURTHER INFORMATION ABOUT ADVERTISING, PLEASE CONTACT REIA MANAGER COMMUNICATIONS ON 02 6282 4277 OR AT [ANDREA.CLOSE@REIA.COM.AU](mailto:ANDREA.CLOSE@REIA.COM.AU)

16 THESIGER COURT, DEAKIN ACT 2600  
02 6282 4277 | [WWW.REIA.COM.AU](http://WWW.REIA.COM.AU)