Are Keystart loans at risk?

Surviving and succeeding in a tough market

Council Election

New REIWA President

Affordable Housing

Are Keystart loans at risk?
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This is my final column as REIWA President. After four years as president and 12 years on the REIWA Council, it’s time to move on and make way for new Council members, a president and office bearers.

In leaving I reflect on the many changes we have seen in the property market over the 12 years since I first joined the REIWA Council.

PROPERTY MANAGEMENT CHANGES

I think the two most significant changes have been the new detailed set of laws and responsibilities for owners of residential property, and the explosion of information technology that has transformed the way both agents and the public engage in property.

Investment property owners have been significantly impacted by new laws relating to residential tenancies, the abolition of tenant contributions to lease fees, new regulations for smoke alarms, RCDs, security screens and doors, locks, windows and even porch lights.

And then there are the administrative changes such as tenants giving 30 days written notice to end a lease despite that date being clear on the original lease, and so on.

While I understand the need to have clear guidelines around leasing residential tenancies, I do worry about the increasing amount of paperwork, legal training and staff time that now goes into what should be a fairly straightforward process, especially when the system seems to tip towards unruly tenants too often.

A BRAVE NEW WORLD

In terms of technological change, today’s young real estate agents would struggle to work in a 2003 office with a slow desktop PC, monstrous monitor with a flickering screen waiting for low resolution photos to gradually download a pixel at a time.

Two or three photos was a novelty back then but today 30 is common. And people still used the fax machine!

Along with the laptop, smart phone, ipad and high speed internet, the offices we now work in are a world apart.

Sellers and investors demand quicker replies to calls and emails. Workplace pressures on property staff have never been greater.

Buyers are now very savvy with access to nearly all the same information as the selling agency, but without the selling experience.

RENTAL AND SALES MARKETS

When I joined Council in late 2003, the median weekly rent in Perth was $145. It’s now $410, having peaked at $480 in 2013.

From an investor’s point of view, that’s positive income growth of around 24 per cent per year. In the last three years we have seen fewer than 2,000 available rentals grow to nearly 9,000 today.

The sales market has been through a very robust period of growth, particularly between 2005 and 2008.

In late 2003 the Perth median price was $220,000 and today it’s $530,000 - a climb of 150 per cent after peaking at $550,000 in March last year.

Members will recall the boom years 2005 to 2008 when values jumped 40 per cent, more so with high priced homes, only to lose a lot of gloss after the GFC and the peak for sales activity remains at September 2010.

FLUCTUATING MARKET

Homes listed for sale have seen wild swings with up to 18,000 in 2009, down to 8,000 in 2012 and back to 14,000 currently.

First homebuyers have watched grants come and go. The original $7,000 grant introduced in 2000 was doubled in the
GFC period to $14,000 and tripled for new-builds to $21,000. That soon dropped back to $7,000 and then down to $3,000 for established homebuyers in 2014. It will disappear for established homes later this year but new-builds will attract a $10,000 grant. The stamp duty concession for first homebuyers will remain up to $430,000 but that limit used to be $500,000.

**REIWA IN GOOD HANDS**
Throughout all of this technological and economic change, REIWA as an organisation has evolved and adapted to meet the needs of members and be at the forefront of change rather than reacting to it.
This has us well placed in terms of the reiwa.com website and the range of products and services tailored to suit member offices.
I’m confident that the role we have carved for ourselves in the WA community is well regarded by the public, business and government alike.
It’s a tribute to the Council, executive and staff at REIWA that the institute holds such a respected position in the political landscape and such a good rapport with government and opposition alike.

**MY FUTURE**
After four years as president, I look back on my time on Council confident that the institute is in good hands and has a bright future.
It has been my pleasure to represent so many members over such a long time and a pleasure to have met and talked with so many of you around the state from such a diverse range of business environments and personal backgrounds.
I take this opportunity to thank all the Councillors who I have worked with and wish them all well.
I now return to full-time real estate activity at my office in Claremont and will follow the progress of the institute with great interest.
Thank you all for your support over many years and my very best wishes to each and every member.

**QUICK FACT**
The WA Planning Commission intends to amend the Metropolitan Region Scheme to rezone 18.83 hectares of Baldiwa land adjoining Kwinana Freeway at lots 986 and 993 Baldiwa Rd.
It was an extremely busy September quarter for REIWA with our property management and sales conferences being held concurrently for the first time.

Total attendance numbers for the two events exceeded 1,700 over the two days which provided an opportunity to see an impressive line-up of local and interstate presenters.

In addition, there were some 40 trade exhibitors providing members the opportunity to evaluate a wide range of real estate service providers and products.

Also, the annual Awards for Excellence gala dinner and presentations were held on the evening of 17 September with more than 400 members and sponsors attending this prestigious event.

Seventy nominations were received for the 16 specialist categories. The winners of the various categories will participate in the national awards being staged during March 2016 in Melbourne.

AGM

On 24 September the institute’s Annual General Meeting was held followed by a cocktail reception where the significant contribution made by two long-standing Councillors, David Airey and Ian Cornell, was recognised.

I would like to make special mention of our president David Airey who retired after serving 12 years on the institute’s Council. My role has been made significantly easier due to the support I’ve received from David in the last three years, and in particular his guidance and understanding as we pursue a new direction as an organisation.

Also retiring from Council is Ian Cornell who, after 11 years service, has decided to make way for the next generation of industry leaders.

Ian’s significant knowledge of the broader real estate market, as well as being the national chair of The Professionals real estate group, has brought a refreshing view and perspective to the many matters discussed at Council.

EVENTS

The reiwa.com Awards Ball was also held on 15 August with more than 1,100 members and their partners attending a night of recognition of sales performance, networking and great entertainment.

We’ve also been very fortunate to secure North America’s No. 1 real estate broker Dolly Lenz who was our guest speaker at a special reiwa.com presentation at the Crown on 12 October.

Dolly has sold more than US$10.85 billion worth of property during her esteemed career and is repeatedly sought after to sell some of New York’s most exclusive real estate, including Rupert Murdoch’s recent purchase of a Manhattan apartment for $57 million.

REBATES

Members subscribing to the reiwa.com SmartShare partnership program received their rebate cheques in August for the period January to June.

With more than 180 member offices having now joined the program, we expect the rebates to grow significantly in line with member support of reiwa.com.

REIWA Council has signed off on the criteria for an accreditation system applying to the various real estate specialities that are being adopted nationally by all REIs and being certified by the REIA.

The various institute networks have been heavily involved in establishing the criteria for initial attainment of accreditation and the ongoing requirements.

The attainment of accreditation in a particular real estate specialty will entitle a member, including associate members, to use post nominals in all advertising and promotional material and will be recognised on reiwa.com.

ADVOCACY AND POLICY

On the advocacy and policy front, it’s been an extremely busy period with the institute actively progressing a number of policy issues for members including:

• Code of conduct review
• Residential Tenancies Act - compliance cost submission
• Off-the-plan commission sales
• Perth and Peel @ 3.5 million

It has been very gratifying to note the amount of support we’ve received from the institute’s networks in formulating our policy positions on the issues above and I’m pleased with the response we’ve received from government on our various submissions.
REIWA would like to thank the following partners for their generous support of the Institute and its members.
HAYDEN GROVES IS NEW REIWA PRESIDENT

REIWA has a new boss

On 15 October the newly constituted REIWA Council voted in Hayden Groves as the institute’s new president to lead WA’s real estate sector and represent the industry before the government and public.

Hayden has owned the Dethridge Groves real estate agency in Fremantle since 2004, having previously worked in the firm for many years as a successful sales representative. The independent agency manages a rental portfolio of about 450 properties.

Hayden has a triennial license, an honours degree in politics, has studied law and is a licensed auctioneer.

He has served on the REIWA Council since 2010 and has been deputy president since October 2013. He is also a past president of the Real Estate Employers’ Federation WA, a role that saw him successfully advocate for WA agents before the Fair Work Commission for a review of the Real Estate Award.

He has already made his presence felt on the national stage as the currently serving deputy president of the Real Estate Institute of Australia.

ISSUES

Hayden originally lived in Victoria and moved to WA in 1993, having travelled west for a Christmas family reunion that became a permanent visit when he was inspired by Perth’s weather and relaxed culture.

He and his wife Philippa have four young children.

Hayden is a strong advocate for the abolition of stamp duty to be funded by an increase in consumption-based taxes.

He has also called for the retention of negative gearing when Australia debates the findings of the much-anticipated taxation white paper.

Hayden said that while the WA real estate market will be relatively soft for the next year or so, he wanted to ensure that REIWA members and the general public received the best services and property information possible as they negotiate this uncertain property cycle.

Hayden will be assisted in his role by Damian Collins from Momentum Wealth, who was elected as his deputy.

ABS ESTIMATES

HOUSING VALUES

Data from the Australian Bureau of Statistics shows the value of Australia’s 9.5 million residential dwellings increased $425.5 billion over a year to a record $5.5 trillion during the March quarter 2015.

The ABS estimates the mean price of dwellings across Australia was $576,100, an increase of $8,400 over the quarter.

NSW dwelling values increased by almost $260 billion in the year to March while WA values rose by $17.7 billion.

QUICK FACT

The WA Planning Commission intends to amend the Metropolitan Region Scheme to rezone 11.367 hectares of land in Champion Lakes at the corner of Champion Drive and Lake Rd.
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Anna Sorensen

Anna is the lead Client Relationship Manager in the Aon Real Estate Team in WA. She has over 14 years’ experience in the insurance industry, with in-depth knowledge of the WA Real Estate market.

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DAVID AIREY RETIRES AS A SUCCESSFUL INDUSTRY LEADER

Retiring REIWA president David Airey has successfully raised the profile of WA’s real estate sector during his record four year tenure at the helm of the institute, and is satisfied that the industry is well governed and in a strong position to thrive in a recovering market.

David was the longest-serving president in the institute’s 97 year history and served on REIWA Council for 12 years.
Apart from the presidency, he worked simultaneously as REIWA’s deputy president and president of the Real Estate Institute of Australia from 2009 to 2011.
David worked on the REIA board from 2006.
He has served on most REIWA committees and networks, beginning in 1979 as a Councillor in the Education Committee (nee Training Network) and in recent years contributing his industry knowledge to the Commercial, Strata, Finance and Audit and Risk Management networks.

CAREER
David, 65, has been selling property for more than 42 years. He began his real estate career in 1973 when at the age of 23 he joined Peet & Co as a sales representative.
He obtained his agent’s licence in 1976, becoming a branch manager that year. In 1978, he teamed up with Geoff Potter to form Airey Potter & Associates.
He is a licensed auctioneer, managing director of Airey Real Estate based in Claremont and has been a REIWA member since 1978.

Q&A
REIWA News spoke to David about the ups and downs of his four years as institute president:

Do you believe you’ve achieved your goals during your tenure as REIWA president?
Yes, I think so. You can always do better, of course, but I wanted REIWA to be better known to the public and better understood. I think market stats, media and interaction have been the key to that.

What do you believe were your greatest achievements during your time as a Councillor and institute president?
Well, I didn’t set out to be anything other than a Councillor so to be elected president was an honour. But the credit goes to the REIWA Council team I’ve worked with and the chief executive officer and REIWA staff. Any of my achievements or perceived success has come about through the people who have supported and helped me.

What was the biggest disappointment during your time at the helm of REIWA?
None really. I’ve enjoyed my time on Council and apart from a few issues some years ago, there have been no disagreements or problems during my presidency. It’s a united team and everyone working together. However, I’m disappointed that despite lots of effort, meetings and dialogue, we weren’t able to get the State Government to retain the First Home Owner Grant for established homes. The government kept chipping away at it but they left the $10,000 subsidy in place for new homes. I’ve said many times that I think it’s unfair and inequitable to first homebuyers.

What was the highlight or funniest moment of your REIWA presidency?

Former REIWA president David Airey

Hah, well I’ve had a few funny and some would say embarrassing moments, many in front of a TV camera, but I can’t think of anything that really stands out. I’ve forgotten to bring things to meetings a few times, like glasses, agendas and files. I forgot to go to the finance meeting once as well. I’m sure my colleagues have a few more stories.

What were the most controversial reforms or policies introduced during your time representing property sector interests on Council or as president?

Hmmm … the changes to the Residential Tenancies Act were hard to sell to a few members but we knew we’d fought for better outcomes with the government than what was originally proposed. While we weren’t happy with the big change to option fees, the reality is it could have been worse. The Commerce Department people are very reasonable and good
listeners to our concerns. We’re in a much better regulatory place today than ever before with both the government and I think the opposition also.

Was it difficult fulfilling your presidency roles at REIWA and the REIA while at the same time managing your business and family life?

Yes, with hindsight it was too much. Being at the REIA helm for 27 months from April 2009 to June 2011 while also on REIWA Council as deputy was very demanding. I became quite ill in January 2011 from a combination of overwork, stress and travel, and ended up in hospital. I realised that I needed to call time and I managed to depart the REIA by June.

Four years as president was a record. Did you expect to devote so much of your life to improving the industry when you first joined REIWA?

No, never. In fact, I’m amazed that has happened and I can now see why no one else did four years as president in the last 97 years! It’s very demanding and I think three is probably the maximum I would recommend to anyone. But, hey, it’s been an honour and a privilege so I’m not complaining. You have to remember that after my first two years we had several new Councillors and the then deputy lost his seat, so there was nobody ready to step up. Those circumstances may never occur again.

Can you offer any advice for your successor as REIWA president on how best to manage the role as industry leader?

It’s vital to make sure your office is well managed by a competent person and forget about being a salesperson yourself. You can’t do all the jobs you used to do. There’s mountains of reading and information to consider. I’m sure that emails will be the death of us all eventually, but they have to be dealt with. There’s a meeting or function for the president every few days and you need a partner who can handle those demands as well. And a good babysitter if you’ve got young kids. Luckily mine are grown up. I’ll continue to provide whatever advice, help or assistance I can to Hayden Groves.

As a Councillor and long-serving president, what are the most significant changes you’ve seen in the operation of REIWA and its representation and administration of the WA property industry?

Technology changes have been immense and reiwa.com has seen incredible changes and growth to keep up with the competition and make sure members support their own product. REIWA under Anne Arnold as CEO was completely reinvented with new governance and policies from the board down, and I believe our reporting and standards are run as well as many public companies. Under Neville Pozzi this has improved and strengthened to the extent that REIWA has a very high level of respect in the community and at the highest levels of government.

What do you believe are the major market challenges nowadays confronting WA’s property sector?

I’ve never seen such a lack of confidence in the business community and with the public as we seem to be experiencing at present. The mining downturn has had a huge impact on every WA business and our members have felt it. Lower sales numbers and the huge increase in available rentals have impacted hard on many agencies. I think we’ll have a very strong market once the local economy recovers. Agencies need to position themselves for different economic times and work on their strengths. Great opportunities exist to grow businesses through mergers and acquisitions, and that will feed into better fee income and better agency business.

What do you believe are the major legislative or regulatory challenges facing the WA real estate industry?

Both the Commerce Minister and the Commerce Department have been very reasonable in allowing REIWA to have input to legislation and regulations for real estate practice and the wider property industry. Our input has been considered and respected by the department. A strong regulatory environment is vital for the public to have confidence in real estate agents, sales reps and the property industry, especially with building, off-the-plan sales and so on. I’m a very strong advocate of sensible regulation and greater education for those working in our industry. Legislative challenges are not so much the issue as enforcement of breaches of consumer laws by the ACCC. The State Government is working to get rid of superfluous red tape regulations and I hope this will allow our industry to become more self-regulated. That means agents and their staff need to be well trained, not just to sell but to provide a better standard of service to the public. We will only earn respect through open, honest practices.

What are the major reforms you’d like to see in terms of business practice and government legislation?

A simple one would be to abandon
the need for a licensed agent to hold an auctioneer’s license. As an agent we are already licensed and regulated. It’s a costly duplication. Payroll tax affects 70 per cent of WA real estate agencies and it’s a costly burden. The government can’t do without the tax but I would like it to look at some concessions for small business. Land tax, council and water rates have grown disproportionally and are a huge burden to commercial tenants renting shops and business premises. Many commercial property owners don’t care and pass on the costs to tenants. I think it’s time to consider whether some of this burden can be shared. I question why land tax should not be paid by the property owner, rather than passed on to the commercial tenant. I know that would not be popular but it needs to be considered along with all the items that make up outgoings. I’m not a fan of government regulation but if small business suffers any more then the State will suffer as well. Some aspects of commercial tenancies regulations for retail shops may be worth adopting for all commercial and industrial leases. Controversial? Very!

Are you satisfied with the level of property industry cooperation and fraternity in WA, and do you have any recommendations on how the real estate sector can better represent or lobby on behalf of agents, their staff and homebuyers in general?

Well, it can always be improved. REIWA has worked hard with industry partners such as the MBA, HIA, Property Council, UDIA, API and the Planning Institute to have dialogue on the issues that affect us all - common ground, in other words. This would be a formidable group if formed into a property industry alliance to represent the industry as a whole. The government would certainly notice and probably listen a lot harder. All these groups need to cooperate as a collective and not worry about point scoring because that will only serve to divide our industry in the eyes of government.

What are your career goals following your tenure as REIWA president? Are you planning to continue your involvement representing and advocating for the real estate industry or commit more time to your business?

Well, I’m at an age when many people want to retire or at least slow down, but I’m certainly not going to stop work. I’m in the process of making changes in our business so that my son Warwick can take the lead role in the day-to-day running of the company. I’ve also recently taken on the role of chair of the Salvation Army WA Advisory Board and that involves a bit of time and input. But I love real estate and it’s a huge part of my life so I can’t walk away yet. My long-suffering wife Megan is keen to travel and we are holidaying soon in New Zealand. Then I’m off to the US and we have two trips to Europe booked next year, so travel will be right up there. Plus we have five adult families between us with seven grandkids, so we’re pretty busy.

Are you satisfied with the way the media has reported on WA’s real estate sector and its liaison with you when you were REIWA president?

Where do I start? I owe the WA media a big thank you. Radio is my favourite media. I like its spontaneity and live radio is unforgiving - no ‘oops let’s do it again’ that I get with TV. I’ve worked a lot with 6PR, in particular with Harvey Deegan and Peter Bell. I’ve got a face for radio, as I’m often told! The West Australian newspaper covers all our local property stories as well as a column in the Weekend West on property matters. REIWA Market Reports have become regular fare on radio and TV channels 7, 9 and 10 have been hungry for property news. I must give a special mention to the team at Today Tonight, the only local current affairs show that does some good local real estate stories that give great exposure to REIWA and also me. I give them a lot of credit for REIWA’s big lift in recognition.

How long do you believe it will be before we will see some real growth and activity return to the Perth market?

Despite low interest rates and plenty of finance, we have a patchy market in Perth but buyers under $500,000 are active and the lower the price, the quicker the sale. As the price creeps up it gets slower and slower. Million plus deals are fewer in number but they are happening when the property is priced competitively and is well presented. These properties take longer to sell and buyers are very patient. Buyers are looking for homes in good areas and value for money. Investors are put off buying in a market with 8,000 or 9,000 rentals, unless it’s a fire sale price. I think we’ll see very strong growth in Perth property once the Sydney and Melbourne markets cool and our local economy recovers. But with the huge supply of new apartments and dwellings coming to market, it’s hard to see that happening in less than two or three years.
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COUNCILLOR IAN CORNELL RETIRES WITH WISE INDUSTRY ADVICE

Respected northern suburbs real estate principal Ian Cornell has retired from REIWA Council after 11 years during which he worked tirelessly to advocate the interests and improve the working lives of WA property managers.

Ian, who is WA group chair of The Professionals, began his property career 40 years ago and jokes that he is still looking forward to working or at least observing another 40 years of real estate practice.

CAREER

Ian is a licensed real estate agent, auctioneer, principal and director of Michael Johnson & Co in Duncraig, Mt Lawley and Morley.

He has served more than 20 years on the board of directors for The Professionals and was also a founding member of the Real Estate Employers Federation.

Ian was REIWA’s deputy president in 2011-12 and helped steer the industry through significant legislative and regulatory change over the past decade.

He devoted much of his time as a Councillor to the Property Management Network, a sector of the profession which he believes to be “the most cooperative and thus proactive of all the REIWA brain trusts”.

Q&A

REIWA News asked Ian what he believes were the most significant changes he saw in REIWA’s representation and administration of the WA property industry during his time as a Councillor and deputy leader:

As an apolitical peak body, we must treat whichever government of the day with the same respect. However, the mutability between the two leading political parties is interesting. One of them listens and the other, in my opinion, pays lip service at best. REIWA impacts positively on the operation of businesses and with its members affects the lives of tens of thousands of WA people annually. It’s difficult not to accept that on a number of occasions, with only limited dialogue, damage has resulted from changes made which generally precluded institute advice on the basis of one size fits all.

Are you satisfied with your achievements during your time as a Councillor?

Changes at REIWA are more evolutionary than revolutionary so any significant changes take some time to come into effect. It is this time lag that goes a long way toward minimising any immediate disruption. Strong industry governance is vital and is a mantra for Council to live and breath. Every Councillor should have contributed after a long stint and, after the debating of issues, made the industry stronger and REIWA a more resilient entity.

What are your views on the organisational structure, management and operation of REIWA after so many years of close liaison?

The critical element is for Council and executive to be and act as one. Council must never enter into operational issues and should remain focussed on strategic initiatives for the executive to develop.

The Council has one employee, that being the chief executive officer. With disastrous effect, I’ve seen Councillors go beyond this and flirt with the idea that they can deal with and accomplish results through direct involvement with REIWA staff. Council intervention with REIWA personnel will almost always have disastrous outcomes.

What was the funniest moment of your REIWA deputy presidency and time served on Council?

Some of the wittiest and most humorous happenings have occurred at the strategic meetings outside metropolitan Perth. However, sadly or otherwise I must adopt the stance that ’what goes on tour stays on tour’.

What are the major changes you have seen in real estate industry practice since you first joined REIWA and were elected to the Council?

It is disappointing to have witnessed and experienced a decline in integrity and respect among fellow real estate agents in a disruptive way. The unabashed and systemic soliciting of employees and sellers is blatant and erodes the confidence of the public and industry peers. REIWA’s role of sheriff has been made deficient since the ACCC decided they know best in matters of protocol, ethics and integrity! Such intervention distorts.

What do you believe are the major challenges nowadays confronting WA’s property management sector?

What I suggest we will see confronting many agents in the immediate future is an insurance issue. The litigation directed towards agents, bogus and
otherwise, is the ever increasing claims involving property management, both by owners and tenants. Firstly with questionable management practices and also with defective maintenance issues which can be the cause of preventable injury suffered by tenants. How important is PI insurance along with ensuring a prompt response to all tenant concerns?

Several years ago you expressed concern about a shortage of property managers and inadequate promotion of property management as a career by the industry. Do you believe that is still the case?

Some of this was generated by outside markets over which we have little control. For example, the attraction to the mining areas put extreme pressure on both personnel and financial return. The road to a property management career has no directional signage and it’s still a concern that many people find their way accidentally rather than by pursuit. The burnout rate is high and although the technologies available allow property managers to look after an increasing number of properties, personal contact remains paramount and demanded by landlords.

Do you fear that more property owners might choose to manage their own properties instead of commissioning a professional agency, due to digital advances such as property management apps?

To the contrary, really. The professionalism and ongoing training of REIWA members and property managers is attracting owners away from the perception that they are better off managing property themselves. The plethora of legislation, regulation and tenancy awareness is a minefield for those who aren’t entirely acquainted. Statistics show a general shift from self management to agencies that professionally manage property services.

What do you believe are the major challenges facing the WA real estate industry?

Accreditation on a national level should be sought as a priority for all agents and their staff. The mobility of personnel across the borders of Australia should not be inhibited or regulated because of a political state boundary. By way of example, ASIC has taken over the regulation of mortgage brokers. Based on discussions with a few firms in that sector, many brokers consider the changes beneficial both to the public and their profession.

What reforms would you like to see in terms of business practice and government legislation?

No more legislation or regulation. Government should consult with REIWA more often and listen to the industry, which is not self-centred and generally takes a broad perspective. We are a service industry which can speak for sellers, buyers, owners and tenants.

Do you have any recommendations on how the real estate sector can better represent or lobby on behalf of agents, their staff and homebuyers in general?

The real estate agent must remain and be recognised as relevant to the transaction. While we conduct more than 95 per cent of the sales transactions, there are many threats and challenges in the electronic space that could see our involvement lessen. We used to be the gatekeepers of information, but now that same data is available to the public at a small cost. However, it is our skills centred around experience and negotiation which cannot be replaced and can make an otherwise stressful process pleasant and memorable for sellers and buyers.

How have you coordinated the role of REIWA deputy president and Councillor with your business dealings and family life?

I thank my wife Kate for her unyielding tolerance, my partners for their generosity to enable me the time for REIWA, my fellow Councillors for their humour and veracity, and my staff for smiling at the extra work it generated. I appreciate that it’s easy to plateau as you get older but you need to keep being mischievous.

With your retirement from Council, what are your career goals and do you plan to continue advocating the interests of the property sector?

I believe protection and advancement of the profession, which is in my DNA, will prevent me from walking away. Our business at Michael Johnson & Co hasn’t reached an optimum level and there is still plenty of growth to be achieved. There are also challenges from bureaucrats and others of which we need to be constantly aware and robustly involved to prevent.
REIWA’s Archiving Committee is still meeting regularly to finalise the archiving of important institute records.

The main stayers of the committee, Les Wearne, Paul Druitt and Bryan Mickle, have been sifting through decades of historical information under the guidance of Jon Readhead.

Jon is our consultant archivist from the Royal Perth Yacht Club who has significant experience in ensuring important records are preserved and maintained.

Much of REIWA’s historical detail is recorded in minute books dating back to 1918. We’ve been fortunate enough to secure the resources of REIWA staff member Sonja Prokop who has spent considerable hours extracting key information from the minute books and recording it in an easy-to-access, searchable format.

CENTENARY 2018

As some of you may be aware, on 20 December 2018 we will celebrate the centenary of REIWA.

There is much to be done in preparation for what will be a year-long celebration to commemorate the achievements and milestones of our organisation.

Planning is well underway and one of our first objectives before the end of 2015 is to make application to the State Library of Western Australia with a view to an exhibition showcasing 100 years of the institute.

In 2016 we’ll be sorting and selecting archives, preparing an historical timeline and considering inclusions for our centenary publication.

DONATIONS

If any of you have interesting artefacts that you’d like to share but more importantly donate, we’d be delighted to receive them.

Donations can be in the form of photographs, publications, certificates, trophies or any other collateral that others may find of interest when looking back over the various decades of REIWA.

Please contact Kate Gorce-Macham on 9380 8221 or kate.gorce-macham@reiwa.com.au if you would like to discuss a donation.

INTERESTING ARCHIVAL FACTS

Did you know the following?

- REIWA used to be known as the Auctioneers’, Land & Estate Agents’ Association of Western Australia (ALEAAWA) from 20 December 1918 to 25 October 1944
- It was reported to an ALEAAWA Council meeting on 8 March 1923 that “an unlicensed auctioneer had been reported to the Police Department and his sign removed”
- The first social event of the ALEAAWA appears to have been a bowling match organised to bring members together, as resolved by ALEAAWA Council on 14 February 1924
- The first meeting of REIWA Council was held at 215 Hay Street (the old building) on 22 March 1977
- The first meeting of REIWA Council was held at 215 Hay Street (the new building) on 2 August 2012.
The archiving of REIWA records has uncovered some fascinating reminders of years gone by, including evidence that a bowling match was the first organised social event.

"Of all national assets, archives are the most precious; they are the gift of one generation to another and the extent of our care of them marks the extent of our civilization."

Sir Arthur Doughty, July 1916
ARE KEYSTART LOANS AT RISK?

Concern has been expressed within WA’s real estate and land development industries about State Budget revenue measures that might see Keystart sell off some of its loan book to the private sector, raising questions about the stability of affordable housing loans to low income earners.

Keystart, established in 1989, is now worth about $5 billion and lends money to first homebuyers and other owner-occupiers who qualify.

For example, singles with an income up to $95,000 and families earning up to $135,000 may be eligible for a loan requiring a 2 per cent deposit and no mortgage insurance.

KEYSTART SUCCESS

The WA Government has exceeded its target of providing 20,000 new affordable dwellings over the past five years and has increased its benchmark to 30,000 by 2020.

Under the government’s affordable housing strategy, low income earners have been provided with 10,000 low deposit Keystart home loans, 5,400 social housing properties, 2,700 discounted private rentals and 1,900 shared equity homes.

State Government data show Keystart has provided nearly 60,000 low-deposit loans over the past 25 years, with 86 per cent of current borrowers being first homebuyers. The Department of Housing and its partners have delivered 15 per cent of all WA land supply over the past five years, with an average of 80 per cent below the median land price for Perth.

REIWA has congratulated the government for surpassing its target and welcomed the new 2020 benchmark to deliver adequate affordable, social and community housing.

ERA FINDINGS

The Economic Regulation Authority released the final report of its inquiry into microeconomic reform in June, finding no compelling reason for Keystart to be publicly owned if the private sector could perform the same role of managing financial risk.

The ERA expressed concern that Keystart’s loan book is skewed towards higher risk homeowners and poses a State risk if there’s an economic downturn without an adequate compensation buffer from the interest rates being charged on loans.

The State Government has clarified that it has no plans to sell off or restructure the business but will sell or securitise a portion of the Keystart loan book, with industry players concerned this might impact on the affordability of interest rates charged to homebuyers.

Will the sale of part of the Keystart loan book have any impact on the risk profile of the loan book maintained by Government?

Risk mitigation will be a strong consideration in finalising the appropriate option for partial divestment of loans. While the project may result in a change in the average loan-to-value ratio of Keystart’s loan book, it will reduce the overall level of credit risk Keystart is exposed to. Like other mortgage financiers, Keystart holds appropriate capital reserves to ensure it is appropriately provisioning for credit risk and this will be reviewed and adjusted to take account of the transaction.

Will the sale have any impact on the interest rate charged by Keystart to homebuyers?

It is standard practice that the terms and conditions of borrower’s loans will not change as part of any divestment. While details are yet to be determined, it is not

KEYSTART RESPONDS

REIWA News asked Keystart chief executive officer John Coles if he agreed with ERA observations that because Keystart’s loan book is skewed towards higher risk home owners, there are risks for the state in the event of a downturn in the state economy:

Mr Coles said Keystart’s arrears are substantially less than the industry benchmark and therefore it has been demonstrated over a long period of time that its clients are not higher risk homeowners.

Will the sale have any impact on the interest rate charged by Keystart to homebuyers?

It is standard practice that the terms and conditions of borrower’s loans will not change as part of any divestment. While details are yet to be determined, it is not
intended to impact upon the interest rate charged to borrowers.

To find a buyer for part of the loan book, will it have to be the most risk secure portion of the Keystart portfolio and how will that market force not impact on the stability of the residual loan book or be able to provide adequate dividends to the WA Housing Authority?

See my answer to the earlier question about Keystart’s loan book risk profile. This project is currently in the planning and assessment stage. Risk management and financial distribution impacts will be considered before a final decision is made by Government.

Has Keystart yet determined which portion of its loan book will be securitised or is there a criteria that describes what sorts of assets will be considered the most suitable for sale? This will be covered in the next stage of the process and it will be interesting to see the range of options we receive from third parties.

Can you give an assurance to land developers and real estate agents that securitisation of part of the loan book won’t tighten the criteria for borrowers or when low income earners in particular are having difficulty finding an affordable home?

The intent of the exercise is to provide long term continuation to the scheme and avoid volatile criteria changes. Divestment of part of the Keystart loan book would not impact upon the criteria or process for writing new loans. Indeed, by reducing Keystart debt this would assist the Government to continue to write new Keystart loans in a sustainable way.

It’s estimated that additional loan guarantee fees will cost Keystart $125,484,000 from 2015 to 2019. Will this impact either the amount or structure of affordable low-cost loans that Keystart will be able to provide for low income earners?

The loan guarantee fee is not being passed on to the homebuyers and does not restrict funding sources.

Are you confident that Keystart can maintain its excellent results over the past five years and achieve its revised benchmark of providing 30,000 new affordable dwellings by 2020?

The work done so far on the project gives no reason to suggest that past performance cannot be maintained or that there is any threat to the 30,000 affordable housing units target which is a whole of Government target.
Surviving and Succeeding in a Tough Market

Times are said to be tough on the mean streets of WA’s residential property market, with sales reps at the coalface battling to lure buyers who have enough confidence to purchase their first home, upgrade or invest.

Average days on market for traditional private treaty transactions stretched to 71 days in August, the longest in three years, and there is a perception that sales are as scarce as hen’s teeth.

Doomsayers believe values will keep falling because immigration has dried up and young people in particular are resigned to life as a tenant or in the spare bedroom at their folk’s place.

Negative Market Influences

Gloomy headlines and weak confidence have created a soft real estate market that puts pressure on sales reps whose job it is to satisfy vendors, buyers and their boss.

Distribution of the First Home Owners Grant has shifted away from the established market with FHOG applications down 21 per cent in the year to June, and the number of people migrating into WA has tumbled in recent years.

State debt has soared and WA’s unemployment rate has been discouraging. Tens of thousands of direct and indirect jobs have been shed in the resource sector, with China shaky and talk of commodity prices remaining weak for years to come.

Such reports have created negative sentiment in the buyers’ market despite the proportion of income required to service an average mortgage in WA dropping 1 per cent to 24.4 per cent in the June quarter, as well as record low interest rates that are tipped to remain cheap for some time yet.

Ask an Expert

More than 14,000 WA properties were listed for sale in winter, compared to 11,000 in June 2014, and in June there were 5,552 WA property sales, down 35 per cent on a year earlier.

There is no doubt that competition is fierce to find a buyer - particularly compared to the boom market enjoyed since many younger sales reps began their careers.

So can a sales representative make a decent living nowadays and is it still possible to keep a smile on the dial of your agency principal by securing transactions that keep the listings ticking over?

REIWA News spoke to Sales Representatives Network chair Paul Di Lanzo:

Which price brackets are selling more or less and what are the economics or policies that are influencing these trends?

From what I can see, properties are selling in most price ranges including the high end despite commentary that they are not.

The pending change to the first homebuyer grant is definitely having an effect on established properties in the $450-550,000 price range as people move toward building new.

The Perth market has just gone back to normal, that’s all. Utopia is over for now so roll up your sleeves, get in there and ground and pound.

Are sales reps receiving negative feedback from sellers frustrated by the lack of buyer interest at their asking price?

If you prepare your seller for a price that may not be what they expect, or you price it super well initially, you will encounter this far less. To reduce this happening to you, use case studies to show the seller that they are not alone in the price correction that is happening and give them strong information.

If there is no interest in a property in the first two weeks, it’s usually price. Shift the price and if that doesn’t change your response then you know it’s just a serious lack of buyers.

It’s not about giving a seller’s home away. It’s about finding out where it sits in the market, and if the seller doesn’t want to sell at market price then you have your answer. But you had better be thoroughly marketing the home before you tell the vendor exactly what the market is willing to pay.
Do you believe sellers have yet fully come to terms with the new market and price expectations?

I think sellers are starting to come to terms with it but we still have some way to go. Agents also need to come to terms with it as some are still pricing homes with the market of six months ago in their mind.

The Perth market is starting to find its feet and I can see a bottoming out of the price coming for this cycle.

Have you heard any reports of the tough market conditions forcing reps out of the industry?

This is something on a lot of peoples’ lips. It will see some people leave the industry, for sure.

However, to me this normal Perth market is a time when you can make a name for yourself. If you sharpen your skills and have the courage to take it on head-first, then why should you leave?

Has it proved more successful to draw buyer interest with greater spending on traditional marketing such as ads and is that cost-effective for sellers in the current weak market?

This is so simple to answer ... yes! You are in competition so make sure your listings stand out. Competition for buyers is so strong that you need to strongly market a home. Taking photos, sticking it on the internet and waiting for a buyer to turn up is not good enough!

Do you agree with some industry experts who say reps should dress up as Superman, involve sports personalities, host suburb movie nights and similar marketing ploys to draw attention to their listings?

Not to offend anyone who does this, but would you buy off a salesperson dressed as Superman when choosing the biggest asset in your life? Movie nights are a great way of thanking your current clients and also attracting new ones, so I’m all for that.

Using sports personalities can have its merits in certain situations but do you need all the gimmicks or do you just really need to adopt a great pricing and marketing strategy and work in tandem with your seller to guide them through?

Your strategy should be so well thought out that every move involves tactics to attract the buyer, deal with the buyer and get the best result for your seller. A great strategy plus tactics equals results.

Do sales reps have to give up more of their private time to succeed in the current market?

I must say that working longer and harder is a given in this market, but you have to be smart about the hours you spend doing the right things. You can do 10 times more in three hours of super-efficient work than 10 hours of just being there.

Be structured and be precise and don’t forget to make time for your family and loved ones.

Which mediums are reps finding the most effective in their property marketing to draw potential buyers in the current market ... digital internet or traditional print and media?

I could talk on this very point for hours. I believe you need a 360 degree campaign that covers all mediums. I always say this ... if a buyer isn’t on the internet actively looking today, how would they know your home is for sale? There are two types of buyers - conscious buyers on the internet and unconscious buyers who may not be active, pulled out of looking or didn’t know they wanted to buy another house right now.

So do a premium campaign based on digital media and print media. Yes, print
The Metropolitan Redevelopment Authority is considering submissions for a planned redevelopment of more than 10 hectares of land in Armadale bounded by Forrest Rd, Fifth Rd and Green Avenue. The MRA anticipates the plan will deliver as many as 820 new dwellings between two and eight storeys in a transit-oriented urban renewal project offering higher density living around the Armadale train station and toward the town centre.

Do you have any tips on how sales reps can generate better turnover in the current weak buyers’ market?
I think sales reps need to be honest with a seller from the time they appraise the property. I also think sales reps need to start becoming 30 day sellers. In other words, create a strategy to sell a home in 30 days.

After all, well priced, well marketed properties always sell within that timeframe and usually for the best price. The simplest approach to this is taking an approach where you pre-frame your sellers for a price change after 14 days in the market before you list.

It needs courage and directness but someone has to give it to them straight. If it’s not sold within the first 14 days then something is wrong, in my opinion, and after 21 to 30 days your listing is already stale in today’s market.

So why change your price after 40 or 50 days when the market has gone? Remember, technology has sped up our market so much that the hot buyers come and go fairly quickly and you are left to scratch around for the warmer or cold buyers after that.

As we enter the summer months, do you believe sales reps will see buyer enquiries lift to traditional levels?
Traditionally, everyone says that more stock comes to market in spring and to some extent it is very true. There is now a number of buyers who I’m finding are waiting for that to happen. However, it will mean more competition for the same number of buyers.

If not, how long do you believe it will take before WA’s real estate market has achieved balance?
My gut feeling is that we are starting to head towards a balanced market now, but it could still take another six months to reach its perfect balance.

After 18 years in the property industry, my instinct says we are in for a period over the next couple of years at least of little or no growth. In other words a flat market, which is not unexpected after 10 years of growth.

People need to realise that the price of real estate is not going to continually rise every year but will have sustained a period of normal or flatter growth. However, over a 10 year period you will see growth regardless of what happens in the world.

Real estate is and has always been a long-term growth proposition. Like planting a tree.
WILL RESIDENTIAL MARKETS RECOVER QUICKLY?

Sales representatives have been busy organising listings and property managers have had to look after a flood of rental properties, but slow sales turnover isn’t helping the bottom line of real estate agencies.

There were almost 15,000 listings on the Perth market in early October, up nine per cent in the September quarter and 44 per cent more than a year earlier. Normal listings quantity is around 12,000.

There were 8,311 properties listed for rent at the end of the September quarter, up from 8,128 in June.

SLOW TURNOVER

Data from reiwa.com suggests Perth’s median house price fell 2.7 per cent, or $15,000, to $535,000 in the September quarter compared to the June quarter.

Perth sales turnover in the September quarter was down 14 per cent on the previous quarter. It took an average 70 days to sell a property in the three months to August, compared to 71 days in the June quarter.

June quarter sales were 10,200, down 900 on the March quarter and 21.5 per cent on the June quarter 2014. The number of properties on the market appears to have stabilised and sales are fairly buoyant in mostly lower priced areas.

The number of owner-occupier housing finance commitments in WA increased 2.6 per cent from 6,804 in May to 6,982 in June, with loan values up 1.8 per cent.

RENTAL MARKETS

There were 8,311 rental properties vacant in early October.

The oversupply is caused by a slowdown in WA population growth and a significant amount of newly constructed dwellings coming to completion. The metropolitan median rent dropped by $10 to $410 per week in the three months to August, meaning that median rent fell about $60 or more than 13 per cent over the previous 18 months.

The vacancy rate for rental accommodation across Perth was 5.4 per cent in the three months to August, which was almost 50 per cent higher than the same period in 2014.

There were 4,820 application for the First Home Owner Grant in the June quarter, down 21 per cent or 1,022 on the June quarter 2014, with first homebuyers across WA paying a median $430,000 which was down $20,000 over the year.

GLOOMY TRENDS

Net overseas migration into WA has swung from a peak of 16,059 in the March quarter 2012 to a low of 3,384 in June 2014, when net interstate migration was negative as workers departed the state’s deteriorating resource industry.

Following a lift after the May Federal Budget, the Westpac measure of consumer confidence showed a 6.9 per cent drop in June.

Some market commentators have been predicting that Perth median house prices will have fallen by about 10 per cent during 2015.

There is confidence that mortgage rates will remain low over the coming year but WA’s unemployment rate has jumped sharply to more than 6 per cent and in July was at its highest level since 2002.

Most major banks have increased rates to existing investors or blocked loans to investment borrowers in response to concerns about an investor-driven property bubble, and it’s not yet clear how these restrictions will affect WA market demand or if the higher costs will be passed on to tenants through increased rents.

LAND SALES

Housing Industry Association data show that despite a significant drop in sales during 2015, Perth median land prices hit a record high in the March quarter - up 3.7 per cent to $280,000 over the three months.

Land values rose $21 per sqm to $664 per sqm, making Perth’s land market the second most expensive in Australia behind Sydney. Although lot sales were up 9.6 per cent in the March quarter 2015, they remained 15.4 per cent below the March quarter 2014. Reduced turnover and strong price growth suggest worsening supply bottlenecks for residential land.

In regional WA, there were 559 land sales which was down 9.9 per cent in the March quarter and 22.3 per cent on the same time in 2014.

NEW HOUSING

WA’s established sales and rental markets are likely to be affected over the coming year by a flood of new housing stock entering the market.

ABS data show 25,502 dwellings under construction in the December quarter 2014, which is 9 per cent above the previous peak of 23,347 in the December quarter 2006.
The WA Housing Industry Forecasting Group has revised upward its estimate of commencement for 2014-15 to 30,000, eclipsing the 28,966 from 2013-14.

The 2015-16 outlook is for dwelling starts to fall 23 per cent to 23,000 and a further 13 per cent in 2016-17 to 20,000.

Population growth is tipped to fall to 1.9 per cent for 2014-15 and increase to 2.2 per cent by 2017-18, and it is expected to take at least a year to rebalance the high supply and weak demand equation in WA’s sales and rental markets.

WA building approvals fell more than 13 per cent in June, with private home approvals dropping 4.7 per cent after a fall of almost 9 per cent in May, and the rest of the reduction was mostly apartments and units.

Housing Industry Association data show new home sales in WA fell 4.9 per cent in July, the third consecutive month of decline following a drop of 0.9 per cent in June, and the volume of sales was down 8.4 per cent over the three months compared to the same time a year earlier.

**POSITIVE TRENDS**

Strongly rising property values in Sydney and Melbourne, highlighted by the harbour city’s median price symbolically exceeding $1 million in June, may see an increasing number of interstate investors and owner occupiers targeting Perth for more affordable listings.

The median price difference between Perth and those major eastern capitals has more than doubled over the past two years, and agents have reported growing interest from overseas investors, particularly Chinese, lured by WA’s lower investment cost.

Housing Industry Association data show WA housing is at its most affordable in more than 10 years, with Perth 11.7 per cent more affordable and regional areas 8.6 per cent more affordable than June 2014.

Rising unemployment, lower wage growth and interest rate settings are also factors that will influence how long it takes for the market to balance.

Nevertheless, some member agents are forecasting a rebound in Perth property prices in the coming summer months.
APARTMENT MARKETS SLOW BUT STEADY

The State Government’s Housing Industry Forecasting Group predicts that 15.4 per cent of WA housing stock will come from apartments by the end of 2016.

At the same time, ABS figures show 17 per cent of new dwellings in Perth are apartments, compared to 55 per cent in Sydney and 40 per cent in Melbourne.

Major WA apartment developers continue to build new apartment projects despite slowing sales but market uncertainty is delaying many smaller developments and this is easing fears of an apartment oversupply.

APARTMENT VACANCIES
A study published in July by the Master Builders Association and Y Research estimated there were more than 35,000 apartments in buildings of three storeys or higher in 64 suburbs within 15 kilometres of the Perth CBD, with just 1,425 (4 per cent) vacant.

This compares to REIWA’s estimate of 5.4 per cent across all dwellings in the three months to August.

In the study, the apartment vacancy rate within five kilometres of the CBD was 3.4 per cent and in Perth’s inner city it was 4.5 per cent.

According to the MBA, older apartment buildings were well occupied while buildings completed in the previous 12 months had a much higher vacancy rate of more than 10 per cent.

New apartments, particularly one bedroom, were taking between three and six months to be occupied upon completion.

SUPPLY VS SALES
According to a study released by property consultancy Y Research in May, apartment developments were under construction or planned in 65 Perth suburbs.

In June 2015, there were about 10,000 Perth apartments in the application or planning approval stages.

Research by the Urbis economic consultancy suggests 57 new apartments are being completed in the Perth metropolitan area each week, with 2,950 expected to be built by the end of 2015 - well up on the 2009 record of 2,000 new apartments.

In the March quarter there were more than 50 apartment sales each week so the market is considered fairly balanced.

The Urbis Perth Apartment Essentials report found 668 sales were recorded across 114 surveyed metropolitan projects during the June quarter, up 41 per cent on the December quarter 2014, with 49 per cent of the sales to local owner-occupiers and 30 per cent to WA investors. Among the 668 sales, 109 were in the Perth inner city.

FEWER PROJECTS
Ongoing strong supply is increasing apartment vacancy rates and competition for tenants is putting downward pressure on rent levels.

However, most bank financing for apartment projects requires about 75 per cent pre-sales and many projects are being delayed until that requirement is satisfied, which in turn is causing concerns and investment uncertainties for buyers.
The slow market is causing most problems for smaller apartment projects in outer suburbs or not in prime locations, with significant discounting by developers to lure buyers.

Fewer apartment projects are being launched and this is easing fears that Perth might suffer a glut of apartments, with industry leaders predicting a sellers’ market will begin to emerge in 2016 that pushes prices up.

WA building approvals fell more than 13 per cent in June to their lowest level since late 2013 and a majority of this was a sharp fall in approvals for apartments and units.

**R CODE THREAT**

The State Government has gazetted changes to the R Codes system that reintroduce a site area per dwelling calculation and reduce the number of apartments permissible on R30 and R35 blocks.

The changes introduced in October also increase parking and open space requirements for multiple dwellings. Councils are also expected to be given more leverage in their local planning schemes to restrict apartment developments on land zoned R40 as long it is not within 800 metres of a railway station or key activity centre.

The changes apply the same rules that govern unit and townhouse construction and the government says they are in line with community feedback to ensure apartment developments are appropriate for the surrounding neighbourhood.

**OPPOSITION**

The Property Council of Australia has voiced opposition to the code changes, claiming they are unnecessary and a knee-jerk response to councils opposed to urban infill.

The PCA says they should be accompanied by significant rezoning around activity centres and transit stations if infill targets are to be met to prevent urban sprawl.

Master Builders WA believes the R Code changes will restrict the housing choice available to the public.

There have been industry calls for the government to force zoning changes by local councils or to take over planning to ensure density development in appropriate areas surrounding train stations and supermarkets so it can achieve its 47 per cent infill target by 2030.

**GOVERNMENT SALES TIPPED TO INFLUENCE LOCAL MARKETS**

Surrounding property markets are likely to be influenced by developments stemming from the State Government’s sell-off of land and other assets to reduce its debt burden.

Major sale listings include the Utah Point Bulk Handling Facility in Port Hedland, the Kwinana Bulk Terminal, Market City in Canning Vale, the East Perth power station, the Old Cottesloe Cable Station, disused school sites, Claremont Fremantle and Claremont police stations and a portion of Claremont Oval.

Also under the microscope for possible sale are TAB branches and softwood plantation assets held by the Forest Products Commission.

REIWA members are handling the sale of various small to medium government lots and buildings in Cervantes, Corrigin, Denham, Donnybrook, Doodlakine, Dumbleyung, Kalannie, Kalbarri, Kalgoorlie, Mt Barker, Norseman, Southern Cross, Swan View and York.
COMMERCIAL CLIENTS STILL HARD TO FIND

Times remain tough for WA commercial property agents trying to find buyers, tenants or positive signals from the market.

Commercial property industry analysis suggests that, including incentives, CBD net effective office rents have fallen by more than 30 per cent since the beginning of 2014, and in some cases by more than 40 per cent.

VACANCIES

JLL research estimates Perth’s office vacancy rate increased to 17.4 per cent in the June quarter 2015, its highest level since 1999, with the CBD recording negative net absorption of 3,200 sqm and negative 50,600 sqm during the 2014-15 financial year.

The Property Council of Australia estimates Perth’s CBD office market had a vacancy rate of 16.6 per cent in June, with average rents down 42 per cent from their peaks in June 2012.

CBD premium space was 9.5 per cent vacant, A grade stock was 15.6 per cent, B grade stock was 21.5 per cent and C grade stock was 17.6 per cent, according to the PCA, with West Perth’s overall office vacancies down slightly to 11.1 per cent.

Market commentators have tipped a vacancy rate as high as 25 per cent by the end of 2016, although WA still has a stable economy despite the resource downturn and tenancy demand may prove robust.

Despite the high vacancies and weak market for the past two years, JLL research shows Perth office investors have enjoyed better returns over the past 10, 15 and 20 years than any other CBD market - total investor returns over 20 years were Perth 15.7 per cent, Adelaide 10.2 per cent, Sydney 9.7 per cent, Brisbane 9.5 per cent and Melbourne 9.3 per cent.

INDUSTRY SENTIMENT

The West Australian Commercial Property Sentiment Survey conducted by REIWA and Y Research sought the views of 20 commercial property agencies not based in the Perth CBD and found about 80 per cent believed tenant enquiry levels for office space were lower than in the first half of 2014.

About two thirds of respondents also noted lower demand for industrial space over the same period.

About 40 per cent expected vacancy rates to increase by less than 10 per cent.
over the next six months and 50 per cent said vacancies had already increased up to 20 per cent since early 2014.

**TENANCY ENQUIRIES**

Of the 4,000 commercial properties managed by surveyed member companies, about 12.5 per cent were available for lease and 5.9 per cent were listed for sale.

Most agencies said their biggest issue was a lack of demand for commercial property as a result of the slowing resources sector, with a high level of uncertainty and resulting lack of business confidence causing many tenants to delay their occupancy decisions.

Transport and logistics firms were the most active tenants thanks to the growth of distribution centres for retailers and package deliveries, with retail the strongest of the commercial property sectors.

More than 50 per cent of survey respondents forecast lower tenancy enquiries in the second half of 2015 and there is strong tenancy pressure for landlords to reduce rents during the current lean economic period.

**IN THE SUBURBS**

Suburban office stock has seen falling demand as lower West Perth and CBD rents, increased incentives and abundant supply make the city more attractive for buyers and tenants, with similar market conditions in most of metropolitan Perth putting downward pressure on rents, particularly for older second-grade buildings, and discouraging new office developments.

However, Y Research data suggest the Perth suburban office vacancy rate was 13.3 per cent in the March 2015 quarter, down from 14.1 per cent in September 2014, and more than 30,000sqm of suburban office construction started in the first half of 2015.

Perth’s suburban office market has added 400,000sqm in 45 suburbs since 2008, according to Y Research, with 82 per cent of this space occupied by existing tenants and 18 per cent taken up by tenants who formerly occupied offices in the CBD and West Perth.

The property consultancy firm believes few suburban office tenants will choose to relocate to the CBD, despite falling rents, because other factors such as even lower rents, ample parking, retail amenity and lifestyle trends are workplace benefits not available within the city.

**INVESTOR AND TENANCY OUTLOOK**

The sale by the Insurance Council of WA of assets at The Forrest Centre, Westralia Plaza and Westralia Square will test how enthusiastic major investors are about Perth’s long-term commercial property market.

The major office building construction fuelled by WA’s resource boom has oversupplied the current market but at the same time created various unique new city precincts that are attracting prestigious food and drink tenants.

Tenancy demand for CBD office space is expected to lift when there is a short to medium term recovery in world oil prices, and when there is a longer term recovery in iron ore prices.

**INDUSTRIAL MARKETS SOFT**

The Industrial Market-View report published by CBRE found industrial property rents declined across Perth during the June quarter, reacting to lower demand from the mining sector.

The report showed prime rents in Perth’s eastern and southern industrial areas fell 6.3 per cent compared with a year earlier to $112 per sqm, while rents in the northern industrial area dropped 5.3 per cent to $107 per sqm in the same period.

Only three industrial property transactions above $5 million were recorded in the June quarter 2015, in Maddington, Spearwood and Wangara.

Data from Frank Knight shows the level of available space within industrial properties over 2,000sqm was up 22 per cent to a record high of 559,016sqm in the June quarter.

This was 97 per cent above the long-term average and 84 per cent above the level a year earlier, with the largest increase in the eastern metropolitan sector where vacant industrial stock increased 31.3 per cent, although this was influenced by the listing of two substantial but vacant Welshpool properties.
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RETAIL SECTOR CONTINUES EXPANSION

Due to population growth and legislative changes, Perth retail property markets are growing strongly with well over $3 billion worth of expansions planned at numerous metropolitan shopping centres and the entrance of international retailers such as Aldi and 7-Eleven.

Retail projects valued at $650 million were completed in 2014 and significant store expansions have continued in 2015, with hardware and homeware retailers among those seeing substantial growth.

CENTRE EXPANSIONS
A development application has been lodged for a $750 million expansion of Garden City Booragoon to 120,000sqm including two new department stores, two supermarkets, international fashion retailers, new cinemas and a main street dining and leisure precinct. If approved, the expansion is expected to be completed in 2019.
Other major expansions include Carousel growing 83,111sqm to 130,230 at a cost of $235 million, Karrinyup up 57,000sqm to 113,093sqm in a $650 million redevelopment, and Innaloo growing 51,300sqm to 99,600sqm in a $450 million expansion.
Aldi has signalled its intention to begin opening stores from mid 2016 in Australind, Belmont, Camillo, Cannington, Ellenbrook, Halls Head, Haynes, Hilton, Joondalup, Kwinana, Maddington, Mandurah, Midland, Mirrabooka, Mundaring, Nedlands, Rockingham, Secret Harbour, South Lake, Southern River and Waikiki. The discount retailer plans to eventually open 70 stores across WA.

VACANT SHOPS
Perth’s rapid growth in shopping centres is due to the WA Government’s removal in 2010 of an 80,000sqm cap on retail space, and is despite the rapidly growing popularity of online shopping.

MAJOR TRANSACTIONS
Colliers International data show six WA neighbourhood shopping centres changed hands in the first half of 2015 with the sales worth more than $112 million.
Centres sold were Forrestfield Market and Forum, Harvest Lakes Shopping Centre, Millstream Shopping Centre, The Vale Town Centre, Captain Stirling Shopping Centre and The Village in High Wycombe. The Margaret River Shopping Centre was also sold at an undisclosed price.

The Shire of Kalamunda has approved a new 3,200sqm shopping centre on Hale Rd, Wattle Grove, that will be anchored by Aldi with a store around 1,000sqm. Opening is scheduled for October 2016.

The state and federal governments’ decision to introduce GST on foreign internet purchases below $1,000 may improve the turnover and profitability of Australian bricks and mortar retailers with a consequent influence on property markets.
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For 15 years Rob Mason lived and worked as an agent in Perth before deciding to move with his young family to Albany a few short years ago.

REIWA News asked him if he noticed any great differences between the way real estate transactions happen in the city and the country.

“I was selling residential real estate and for the last seven years running my own office in Scarborough, with much of the work coming from the Scarborough and Doubleview area,” Rob explains.

“However, both my wife and I were raised in the country and were always keen to return to a regional area. We wanted the lifestyle change and decided to do it while the kids were still school age so they could enjoy the benefits of growing up in the country.

“Albany is a beautiful place that is big enough to offer important infrastructure like good schooling, sports facilities, medical services, etc, but it still feels like you are living in the country. We live on a few acres out of town and really feel like we have the best of both worlds - great beaches, a beautiful river, entertainment, restaurants and simple peace and quiet when we want it.”

THE COUNTRY DIFFERENCE

Does Rob find that real estate practice is different in the country?

“Yes, agents here work more closely with buyers and really try hard to find the right property for them,” he said.

“There are more conjunctionals between offices because of this. Properties tend to sit on the market for longer periods of time than in the city and both sellers and agents seem to accept this.

“There’s a much bigger variety of property including units, houses, lifestyle properties on acreage, farms, tourism accommodation, commercial and industrial, and many agents are quite adept across many of those property types.

“Print media advertising is very strong. Most agencies will have quite a few pages in the real estate section of the paper each week, and it’s not as online-focused as metropolitan marketing.

“Of course, there are many similarities too. But I find that in general there is less urgency from both buyers and sellers and I’d say both groups are more respectful of the agent’s time.

“There are far fewer demanding calls at odd hours. People are more community minded and courteous.”

REGIONAL AUCTIONS

During his time in Perth, Rob was renowned for his expertise with auctions and had won several awards in this field.

Are auctions part of the work he now does in Albany?

“The level of interest is growing,” he said. “Our agency conducted 15 auctions over the last 12 months and I’m embarrassed to say that’s more than my Scarborough office did in most years.

“I firmly believe a good auction campaign run by well-trained agents and conducted by a good auctioneer works well anywhere.

“We’ve had some great success and I think the average seller in Albany is just as open to an auction as they are in the metropolitan area.”

THE RURAL ALTERNATIVE

Does Rob have any advice for Perth agents thinking of the country life?

“Don’t assume that you can’t have a great real estate career in the country,” he replied.

“Real estate is essentially about relationships and being able to develop genuine relationships with a variety of people is paramount to real estate success in the country.

“Get involved in the local community, do your bit and the community will welcome you.”
“Most of all, enjoy the lifestyle that living in the regions can offer but, hey, don’t tell too many people or they’ll all want to come,” Rob joked.

CURRENT MARKET
REIWA data show that Albany emerged as the best performing regional centre for property over the last financial year. The Albany Urban Area had 5.3 per cent growth in median house price over the last year, lifting it to $389,750.

The regional city saw 456 house sales, 42 unit sales and 200 land sales over the last year.

Better performing suburbs included Bayonet Head up 8.8 per cent to a median of $397,000, Mount Melville up 5 per cent to $380,000 and Spencer Park up 4.9 per cent to $350,000.

The suburb with the greatest number of house sales was Yakamia, where 52 properties changed hands at a median price of $388,750, although this was a drop of almost 6 per cent on the previous year.

PANIZZA PERSPECTIVE
REIWA’s Albany Branch chair Barry Panizza said while any growth was good, it must be seen in context.

“The lift in median price over the last year only really brings us back to where we were five years ago because the market has been weak for that long,” said Barry.

“However, it’s encouraging to think that we might now be returning to a better position of forward growth and it gives buyers and sellers a bit more confidence. Turnover, however, was down 10 per cent on last year which could be attributed to fewer properties on the market and this also helped with price growth.”

GROWTH PROSPECTS
Mr Panizza believes the growth should hold as available land in some areas is being taken up quickly with no new subdivisions on the horizon in some residential suburbs.

“I also think there may have been some renewed interest in Albany following the hugely attended ANZAC commemorations over the last 12 months,” he said.

“Thousands of people from all over Australia got to see and experience Albany last October and again in April this year, and it wouldn’t surprise me if that resulted in a few people relocating here or acquiring an investment holiday home for the future.”
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In mid-2015 the Planning Department released a consultation paper titled Perth and Peel @3.5million which sets the framework for the next wave of planning and development policy for Perth as the population is expected to reach 3.5 million in the next 20 years or so.

Submissions responding to the consultation paper were required by 31 July 2015. REIWA lodged a submission into the policy process as the REIWA Council identified planning and development as a key strategic policy priority for the next three years.

Our submission focused on four main areas:

- Infill development and targets
- Implementation of infill and the role of local government
- Housing affordability
- Diversity of housing stock

Following is a summary of our recommendations under each subheading.

**INFILL DEVELOPMENT**

To address implementation issues, existing inconsistency and inequitable infrastructure contributions associated with infill development Local Housing Strategies, endorsed through the Scheme Amendment and Scheme Review process, should be accompanied by fair and reasonable infrastructure contribution processes which facilitate positive infill development outcomes.

REIWA also supports an unbiased approach to urban and spatial analysis which outlines the limitations and benefits of both low density greenfields and high density infill development.

**IMPLEMENTATION AND ROLE OF LOCAL GOVERNMENT**

In addition to the implementation initiatives outlined in Perth and Peel @3.5 million and the regulatory reforms currently being progressed, it is recommended that the WAPC:

- establishes a statutory planning head of power for the implementation of SRPF/SRSP infill areas - for example, a “deemed provision” or new Region Scheme “Urban Infill” zone through the Region Scheme Amendment process
- utilises district and local structure planning for coordinated, consistent and equitable infill development, including the fair and reasonable application of infrastructure contributions for Council-initiated structure plan areas
- considers a resourcing and reporting structure that supports consistency across local government planning
- audits the delegated planning responsibilities of local government to identify the gaps and issues within the existing system
- in the context of DAPs, consider how planning decisions are being made and continue to promote independent decision-making without local bias or agenda

**HOUSING AFFORDABILITY**

Despite the current climate it is recommended that the WAPC and government continue to pursue policy and statutory planning measures to encourage affordable housing options that support both the development industry and broader community.

**DIVERSITY OF HOUSING STOCK**

For the implementation initiatives outlined in Perth and Peel @3.5 million and the regulatory reforms currently being progressed, it is recommended that the WAPC considers a strategic analysis of educational facilities and surrounding residential areas consistent with the metropolitan, commercial and activities centre analyses of the past to further promote infill development and social outcomes.

The emphasis on infill development within Perth and Peel @3.5 million appears to have drawn all strategic planning resources towards one particular land use outcome to the detriment of the orderly and proper planning of other viable development and lifestyle opportunities.

REIWA again encourages balance in how all aspects of urban and regional planning are considered in the growth of WA.
RESIDENTIAL TENANCY CHANGES ARE HAPPENING

We are pleased to inform you that some of the recommendations we sought with the Commerce Department have now come into effect.

Changes have been made to the Residential Tenancies Regulations that now allows a tenant, landlord and landlord’s property manager to opt-in to receive notices electronically. This addition has occurred in Part A of the prescribed lease agreement.

In addition, to remove any confusion the Commerce Minister has also amended Part B of the prescribed lease agreement to include some clarification around the Electronic Transactions Act 2011 so that it allows for notices to be sent electronically.

RTA CHANGES
The other big change to come is the removal of the requirement for real estate agents to negotiate before a notice is served for a periodic inspection.

The minister has mooted changes to the Residential Tenancies Act 1987 that will enable you to send a notice for a periodic inspection and after that notice has been served the tenant will then be able to negotiate a time. This will save you time and administrative costs.

This change will be part of the red tape reduction Bill that is due to be presented to the WA Parliament in November 2015.

For now, don’t change your business practices. Rather, keep an eye out for Shaping our Industry updates for any new information on the progress of this Bill.

OFF-THE-PLAN SALES COMMISSION UPDATE
The good news is that the Minister has received approval to draft a red tape reduction Bill that will contain the necessary amendments to the Real Estate and Business Agent’s Act 1978 to allow for early payment of commission for off-the-plan transactions.

We understand it is still anticipated that this Bill will go before the WA Parliament in late November 2015 but the date has not yet been set in concrete.

If the Bill is presented in November, it is likely that its passage will go over into the Spring session of Parliament in 2016.

We will keep you posted on any new developments. Please keep an eye out for Shaping our Industry emails and members’ weekly articles.

REIWA’S RECENT POLITICAL ENGAGEMENT
To ensure REIWA is front and centre of our WA politician’s minds, we have recently recommenced engagement with the full spectrum of WA politicians.

What have we done?
Every quarter we now send our WA politicians a letter advising them of our recent advocacy agenda as well as a market update publication for their electorate.

By tailoring information to meet their needs we’ll be a valuable source of information for our WA MPs.

Since commencing this initiative, REIWA has held meetings with WA MPs from all sides of the political spectrum.

QUICK FACT
The Urban Development Institute of Australia estimates that housing development costs will increase by more than $1,000 per lot and damage affordability because of a decision by Telstra to pass on to developers the cost of delivering copper wire for new residential projects from 1 July 2015.
The Australian Government is taking action to strengthen the integrity of the foreign investment framework.

Foreign investment is integral to Australia’s economy and we welcome all investment that is not contrary to our national interest. Recently there have been changes to the rules that affect foreign investors who are seeking to purchase property and those who already own property in Australia. The Australian Taxation Office (ATO) and Treasury will administer the new framework together, with the transfer of all residential real estate functions to the ATO from 1 December 2015.

Real estate agents can help their foreign investor clients by advising them of the new rules.

RESIDENTIAL REAL ESTATE
• Foreign investors must obtain approval from the Foreign Investment Review Board before purchasing their property. If they do not, penalties may apply. Remind your foreign investor clients who already hold residential real estate to check whether they have the necessary approval. If they did not obtain approval before purchase, or are not sure, they should come forward before 1 December 2015. During this reduced penalty period, cases will not be referred for prosecution although divestment orders may still apply.
• From 1 December 2015, new criminal and civil penalties will apply to foreign investors who do not have approval before purchasing residential real estate or who hold property in breach of the foreign investment rules. Advise your clients of this before they purchase.
• Also from 1 December 2015, the ATO will commence collecting fees from foreign investors when they lodge an application for approval to purchase all Australian property. Advise your clients that the fee will be collected during the application process. Further information on applicable fees is available at firb.gov.au
• A register of foreign residential real estate holdings will commence from 1 July 2016.

AGRICULTURAL LAND REGISTRATIONS
There will be increased scrutiny of foreign investment in Australian agricultural land, with new application screening thresholds. There will also be increased transparency on the levels of foreign ownership through the compilation of an agricultural land register.
• From 1 July 2015, foreign investors in agricultural land can register their holdings with the ATO. It’s easy to register and the forms are at ato.gov.au/aglandregister.
• Foreign investors have until 31 December 2015 to notify the ATO of their existing agricultural land interests.
• From 1 January 2016, foreign investors who have failed to register their existing holdings or any changes may be identified in the ATO’s ongoing compliance activities and penalties will be imposed.
• If your foreign investor clients sell their existing agricultural landholdings or buy new ones, they should register the changes within 30 days.

COMPLIANCE ACTIVITIES
The ATO is now responsible for foreign investment in residential real estate compliance action and draws on its data matching and investigative capability.
To date, 60 officers are conducting more than 462 investigations to check:
• compliance with foreign investment rules, tax laws and other regulations
• self-disclosures
• reports from concerned citizens

NEW FOREIGN INVESTMENT WORKING GROUP FORMED
A special purpose, limited-life ATO consultation group of relevant stakeholders, including the REIA, has been formed to provide the ATO feedback on the administration of the changes.
The Foreign Investment Reforms Working Group first met on 23 July 2015 to consider various topics related to the foreign investment reforms, including:
• current ATO compliance activities
• the development of the agricultural land register
• enhanced data reporting, which includes land dealings
• the reduced penalty period

See also:
• ato.gov.au/Aglandregister
• ato.gov.au/rpp
• firb.gov.au
• FIRB CRACKDOWN TIGHTENS on page 51
AUSTRAC, which is Australia’s primary source of financial intelligence, has identified real estate among other high-value goods to be a significant money laundering channel in Australia.

In a strategic analysis brief, AUSTRAC says the use of real estate is an established method of money laundering internationally. Real estate is used as a way of laundering or concealing illicit funds.

UNCOMPLICATED

Money laundering through real estate - both residential and commercial - can be relatively uncomplicated, requiring little planning or expertise. Large sums of illicit funds can be concealed and integrated into the legitimate economy through real estate. Criminals are drawn to real estate investment in Australia because it is possible to purchase in cash, it offers reliable financial returns and it is possible to disguise ownership.

METHODS

Methods of laundering money include mixing illicit funds with loan funds, manipulating the value of properties, use of third parties to present as the official owner, purchasing properties to facilitate criminal activity, generating rental income to seem legitimate and using front companies and trusts to hide the identity of ownership. Some may use professional facilitators such as lawyers to help them by conducting transactions on their behalf, establishing trusts and other structures to hide identity, recovering fictitious debts and making payments through lawyer’s trust accounts.

Examples are the Australian Federal Police restraining residential property valued at $5 million as part of an investigation in March 2013, and $8.1 million in property restrained as part of Project Wickenby in 2012.

LEGISLATIVE REQUIREMENTS

Currently, real estate agents in Australia are not subject to the provisions of the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) though there are provisions for real estate in other countries such as New Zealand, the United Kingdom, Canada and Indonesia. In Australia, financial institutions are subject to the AMLC/CTF Act and are required to report any suspicious transactions. As real estate transactions usually involve a financial institution - as loans, deposits or withdrawals - and as financial institutions are regulated, authorities are currently provided with some, but far from complete, visibility of potential money laundering through real estate.

RISK ASSESSMENT

In 2014, the Financial Action Task Force (FATF) - an independent international governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing - undertook a periodic risk assessment of Australia. In their report earlier this year, they identified real estate agents, lawyers and accountants as being of high money laundering risk in Australia.

It’s against this background that the REIA has met with AUSTRAC to discuss the latest evaluation of money laundering in Australia by FATF and its implications for the real estate profession. AUSTRAC has also commenced discussions with the legal and accounting professions. While AUSTRAC will be proceeding with addressing money laundering through real estate, lawyers and accountants, it assured the REIA that it will not take the same approach as for financial institutions and does not want to impose an unnecessary regulatory burden on agents.

It will work in consultation with the REIA in developing an approach for the sector based on risk profile.

See ADVICE FOR AGENTS TO TACKLE CRIMINALS on page 51

QUICK FACT

Australian Bureau of Statistics data show the average Australian home loan grew by 18.5 per cent from $301,800 to $357,500 in the two years to April 2015, while the average full-time wage increased 3.6 per cent from $77,225 to $80,054 during that period.
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We’re heading toward the end of 2015 so it’s about time the 2007 real estate qualifications were reviewed.

They usually undergo an extensive review every five years or so but, according to the Construction and Property Services Industry Skills Council (CPSISC), this review has been delayed because of the consultations on national licensing.

The CPSISC has now started the process to review qualifications including the content of each individual unit of competency.

WHAT IS A TRAINING PACKAGE?
A training package is a set of nationally endorsed standards and qualifications for recognising and assessing people’s skills in a specific industry.

Our training package is currently CPP07 and under this package REIWA Training offers sales and property management registration programs and the diploma for licence purposes.

WHAT DOES THE REVIEW INVOLVE?
There are actually three reviews under way, one for stock and station, one for strata community management and one for real estate and business broking qualifications.

Each review has a project reference group to oversee the process, with sub-groups appointed as needed to undertake the nitty-gritty work of looking at every qualification and unit in detail. The REI training managers are just one of the sub-groups involved in looking at these details.

At the time of REIWA News publication, it’s likely the real estate and business broking qualifications under the training package will be up on the CPSISC website for public consultation.

After consultation, the training package will be finalised and is likely to be endorsed and ready for use by the beginning of 2016.

If you check these out, don’t panic as they are the proposals for the training package, not for registration or licensing. Each state and territory licensing body will have to consider its own requirement for these.

WHAT DOES IT MEAN FOR REGISTRATION AND LICENSING?
As part of the process, REIWA is liaising with the Commerce Department on the new training package implications for registration and licensing purposes.

It may be that the number of units to be completed for registration remains the same but the department can review this and look at some of the new units that are likely to be added to the package as a result of the review.

The Commerce Department will also stipulate the units to be included in the diploma to both meet the training package qualification requirements and their own.

For example, there is a proposal to add a unit to the package relating to trust account operations so that everyone involved in real estate transactions understands how a trust account works, and their obligations relating to monies held in trust even though they may never directly access the account.

Even if this unit is successfully added, it will be up to the department to decide if it needs to be part of a registration or licence qualification.

WHAT HAPPENS NEXT?
Once the training package qualifications and units are endorsed, registered training organisations offering training from the package will have up to a year to update and change their training resources and start delivery of the reviewed units.

Meantime, we’ll keep you posted through our newsletters, websites and REIWA News with changes that you need to know.

QUICK FACT
Due to environmental concerns, the State Government has scrapped long-term plans to develop a 4,000 hectare satellite city providing housing for up to 90,000 people at East Keralup, between Mandurah and Rockingham.
UPDATE ON PROPOSED NATIONAL ACCREDITATION SCHEME

We talked about the proposed National Accreditation Scheme in our last edition of REIWA News and since then REIWA has taken the lead for all the other REIs to find out the best structure and categories for accreditation.

Just to refresh you, the scheme will ensure that accredited REIWA members meet standards and levels of competence and it will allow them to differentiate themselves from non-accredited people in the market.

It’s going to be a non-profit scheme that will provide a self-regulating contribution to the raising of standards in the profession and one that everyone should aspire to.

THE JOURNEY

It’s been an incredible journey so far and consultations with network members and focus groups have indicated overwhelming support for accreditation, plus we now have formalised categories, entry requirements, education standards and renewal conditions. Phew!

And a very big thanks to everyone who attended meetings, consultations and sent emails - a great effort by our members.

The next step is to go out to public consultation and then prepare a final business case for REIWA Council to consider.

We’re still on track for a 2016 implementation which can then be rolled out across the country.

So watch this space and keep your eye on reiwa.com and our newsletters for regular updates.

TRAINING ON OFFER FOR LAND TAX AND FHOG

The Office of State Revenue will be running free training sessions on land tax and the First Home Owner Grant in November.

These free sessions are worth two elective CPD points for settlement agents and real estate agents.

The first half of this session will help attendees understand what land tax and Metropolitan Region Improvement Tax are, rates and thresholds, how calculations are performed, and concessions and exemptions available.

The second half of the session will be about the First Home Owner Grant (FHOG) including values of the FHOG, eligibility and residence requirements.

You’ll also get a chance to learn about the first homeowner rate of duty including who qualifies and what thresholds apply.

There will be opportunities to contribute to in-class activities and time for questions.

For further details, go to www.osr.wa.gov.au/customereducation.

QUICK FACT

BHP Billiton has announced it will build a $325 million tugboat harbour at Hunt Point in Port Hedland and buy another six tugs to service growing demand, with delivery by late 2016.
WHY YOU SHOULD USE REIWA TRAINING

The Diploma of Property Services (Agency Management) is currently the qualification you need to apply for a WA real estate licence.

We all know that. But what about the content in the diploma, the burning issues of exemptions, credit transfers and that really misunderstood one - recognition of prior learning?

THE DIPLOMA AND THE SYSTEM
Following is what is currently happening in the Australian training system.
A registered training organisation (RTO) can apply to its respective training regulator to deliver the diploma. The RTO then has to develop and deliver 26 units of competency to their students in order to gain the award.

Of these units, 22 are determined by the Commerce Department and four are electives ostensibly selected by the student. In the case of most RTOs, there is little or no capacity to offer a selection for these four units and they are usually proscribed by the RTO to make up the full 26 units of the diploma.

WHAT ABOUT THE TIME IT TAKES?
Just to give you a picture of what a typical diploma of this size requires, WA’s Department of Training puts a time value of what is called “nominal hours” against each unit.

This is for funding purposes only but is a useful guide to the time that would normally be allowed for both training and assessment in each unit if it was funded by the government.

The total time for the diploma is set at around 889 hours (allowing for different electives if available) of both study and assessment. That equates to 118 x 7.5 hour days and 23 weeks full time, five days a week and 7.5 hours each day.

It’s a very big training course.

WHAT ABOUT EXEMPTIONS?
All RTOs can and should offer both credit transfer and Recognition of Prior Learning (RPL).

There is no such thing as an exemption in the award of a qualification.

CREDIT TRANSFERS
Credit transfer happens when you already have units of competency from the diploma list at the same level.

For example, if you’ve recently completed the units required for registration for sales or property management you’ll hold either six or seven units. As long as these units have the same code as those currently in the diploma, you’ll automatically be given a credit transfer.

So if you hold the CPPDSM4003A Appraise Property unit you will be credited with this towards the diploma.

If you hold an earlier property appraisal unit beginning with the code PRD or even if you’ve been appraising property for the last 30 years, you cannot automatically be given credit for the Appraise Property unit.

This is where RPL comes in.

RECOGNITION OF PRIOR LEARNING
If you don’t hold the current unit required in the diploma, you’ll have to undergo a Recognition of Prior Learning assessment.

Yes, this is an assessment and it has to be as rigorously assessed as a standard assessment task. You’ll have to provide evidence that you have current competency.

It cannot and should not be done simply by ticking it off on a list that you know and do things. An assessor will have to either come to your workplace to see examples of paperwork that show how you have appraised property or you’ll have to provide copies of this evidence to the assessor.

You’ll usually also have to answer some verbal questions about how you go about this type of task.

So if you get credit transfers for either six (property management registration) or seven (sales registration) units, you still need to complete 19 or 20 units. If you don’t get credit transfer, you’ll need to complete 19 or 20 units and also RPL for six or seven.

That’s it in a nutshell.

HOW COME SOME OFFER SHORTCUTS?
You may be bombarded with invitations to get the diploma (and therefore the WA licence) from many RTOs.

What you need to consider is what you get for what you pay and whether the RTO is offering a “quickie” route through that doesn’t actually give you what you need.

Some RTOs offer diplomas through online training and assessment and claim that it takes only four weeks. We’ve even heard of an offer being made to get the diploma in three days.

It’s obvious that these RTOs are not meeting the standards required to award the qualification and several of them have already been reported to the national training regulator.
It’s anticipated that there’ll be a further crackdown on these RTOs given that there are several initiatives underway as part of a national reform agenda for the vocational education system in Australia.

Given that most registered representatives operate in either residential sales or property management, it’s quite ridiculous to be offered credit or RPL towards units which include knowledge of trust accounts, sales and leasing industrial, commercial and retail properties, marketing an agency, recruiting and managing people, strategic planning, managing budgeted and financial plans, and so on.

And in three days or even four weeks - quite insane!

THE INDUSTRY REGULATOR
The Commerce Department is aware of the differences in training market quality standards at the moment and also that some people might be border-hopping to get a licence and then mutual recognition.

This is an ongoing issue and you can be assured that REIWA will continue to work with the regulator to look at ways to ensure the skills and knowledge needed to operate as a licensee are being demonstrated by applicants through a rich and compliant diploma program.

WHY REIWA TRAINING?
So why use REIWA Training and what do we do that’s different from other RTOs? There are, of course, RTOs that do the right thing by their students, offering quality training and assessment that gives them knowledge and skills rather than just a piece of paper.

At REIWA Training our students speak for us, giving feedback about how much they’ve learned and how they’re glad they chose us rather than going down the “quickie” route.

Give us a call and we’ll put you in touch with former students to get their take on what they learned and how it helped them on the road to success as a licensee.

At REIWA Training we offer the correct access to credit transfer and RPL that meets the required standards of evidence. We also offer weekly tutorials including catch-up sessions to help students cope with the volume of work.

We don’t hold back from advising our students about what’s in front of them when they enquire about the diploma. It’s hard work and involves a significant time commitment to study, learn and then demonstrate they’ve reached the required level.

That’s why we offer one year to complete the course.

WHAT ABOUT OUR TRAINERS?
Our trainers and assessors are from the specialist areas in which we train and assess.

For example, you’ll get a rural specialist, a business broking specialist and a business planning and financial expert to help you through these units.

You’ll get the depth of training needed to help you take that next step into having the right to operate as a licensed agent in WA.

THE FINAL MESSAGE
Think long and hard about what you want to achieve as a licensee and seek out the system that will give you the best training through skills and knowledge development.

A diploma qualification obtained without the depth of knowledge behind it is only a piece of paper, and a piece of paper does not make you successful in your chosen career.
Australia’s banking regulator, the Australian Prudential Regulation Authority (APRA), has a primary role to help reinforce the lending standards and moderate overly-ambitious pressures for growth to ensure the banking system is resilient to whatever conditions might eventuate in the future.

APRA has recently noted that lending for housing continues to be a large and important part of the banking system, the environment in which housing lenders operate is one of heightened risk and there is reason to conclude that housing portfolio risk profiles might have increased, and underwriting standards softened, over time.

As a result of APRA’s current focus, many banks and lenders have:

• Limited their annual growth rate of investor loans to 10 per cent
• Capped their maximum loan to value ratios (LVRs) for investment lending to 80 per cent
• Tightened policies and guidelines in respect of the approval of investor loans
• Introduced increased interest rates for investor loans
• Increased the interest rates for existing investor loans

In APRA’s view, prudent serviceability policies by lenders should incorporate a serviceability buffer of at least 2 per cent above the loan product rate, with a minimum floor assessment rate of 7 per cent.

CONSEQUENCES
While the effects of this guidance from APRA are still playing out in the market place, it is reasonable to assume that there will be a reduced growth in investor loans and possibly greater scrutiny by the lender of the underlying property that the investor intends to purchase.

Investor lending growth has slowed nationally in recent months, with the annual rate of 16.5 per cent in July down from 29 per cent in April.

For developers of off-the-plan apartment projects with existing contracts waiting for settlement, a concern will be if the purchasers do not have a 20 per cent equity or have the capacity to service a loan at a 7 per cent interest rate.

For real estate agents dealing with investors it is important that prospective investors fully understand how they will qualify for an investment loan and have had discussions with a lender as to their eligibility prior to making an offer.

NO WORD YET ON CODES OF CONDUCT
The review of the statutory Code of Conduct by the Department of Commerce (DoC) is progressing slowly. Following industry and private submissions to the discussion paper that was released in May 2013 and after face-to-face consultation with REIWA, the DoC formulated its final recommendations to the minister.

It was envisaged that the codes would just be amended. However, feedback from Parliamentary Council is that rather than amend the existing codes, they should be restructured and rewritten.

As of early September 2015, the DoC was not in a position to present a draft of the codes that can be reviewed by REIWA.

The DoC has directed that the CPD training for 2016 will encompass amendments to the codes.

QUICK FACT
The WA Planning Commission intends to amend the Metropolitan Region Scheme to rezone about 114.28 hectares of land in High Wycombe from Rural to Urban, bounded by Sultana Rd West, Milner Rd, Raven St, Poison Gully and Roe Highway. The future Forrestfield rail station is about 550 metres to the west of the site.
**LODGEMENT OF RESIDENTIAL TENANCY BONDS MADE EASIER**

**REIWA has assisted the Commerce Department to make lodging of residential tenancy bonds an easier process without the need for paper forms and signatures.**

Once a tenancy agreement has been completed on REI Forms Live, the property manager can automatically send the tenancy information to the Bond Administrator simply by selecting a “third party” button.

**NEW SYSTEM**

This process replaces the old system of completing and sending a bond lodgement form.

The tenancy agreement now contains the same information that is required for the bond lodgement form.

The new process initiates a message from the Bond Administrator to the tenant requesting electronic confirmation that the tenant’s bond is to be lodged.

Upon the tenant’s confirmation, the Bond Administrator sends an email confirmation to a nominated person in the agency requesting that the bond amount be transferred to the Bond Administrator’s bank account.

**SAVES TIME**

The new system has been tested by REIWA and a group of agents, and the feedback has been very positive in that the REI Forms Live system is simple and saves time.

Agents can access the system through entering into an agreement with the Commerce Department. The BondsOnLine User Agreement is included in REI Forms Live under the “General Templates”.

When the agreement is completed, signed and returned to bondsadmin@commerce.wa.gov.au, an account will be established and your bonds can be lodged by completing the tenancy agreement on REI Forms Live.

**PEXA TAKES OFF IN WA**

The Property Exchange Australia electronic conveyancing system is now in operation in WA and settlements are being conducted electronically, virtually eliminating the risk of failed or delayed payments, significantly reducing stress for property sellers and saving money at the same time.

PEXA is available to all settlement agents who subscribe to the system.

Landgate has an equity interest in PEXA and Lands Minister Terry Redman says the system will revolutionise the property and conveyancing professions to produce an estimated saving of about $80 million over the next 13 years.

It is estimated that more than 85 per cent of WA property transactions will be processed through PEXA by 2019.
BONDSONLINE A BOON FOR TENANTS

Waiting times for the return of bond monies to tenants will be slashed from as long as a month to less than 48 hours with the introduction of the secure BondsOnline electronic transaction system.

BondsOnline is similar to online banking, with real estate agents setting up the bond transaction for each tenant who then logs into the system and confirms it using their email address and mobile phone number as unique identifiers.

EASIER
The online system will make it quicker and easier for tenants to receive their bond repayment by eliminating paperwork. It reduces administration, data entry and printing costs for property agents and the State Government.

Under the previous paper-based processing system there was an average wait of eight to 12 days, with some bond disposals taking up to a month.

With BondsOnline, most tenants will receive their bond money back within two days once the tenant and agent have agreed on the amount to be returned and approved the electronic transaction.

The system design allows it to be integrated into an agency’s property management software with managers now able to initiate the process for tenants when a lease is prepared.

Paper lodgements will still be accepted from tenants who are unable to access the online system and any bond disputes will still be settled in the Magistrates Court.

SUCCESSFUL TRIAL
BondsOnline was successfully trialled over the five months to August by a group of REIWA-nominated real estate agents, and Commerce Minister Michael Mischin says the new system is part of the State Government’s regulatory reforms.

A typical bond for a Perth property is now almost $1,700 and BondsOnline is expected to be particularly beneficial for tenants on low and fixed incomes when moving from one rental property to another.

QUICK FACT

• In its submission to the Federal Tax White Paper, the Australian Bankers’ Association is calling for a reduction in the company tax rate and the abolition of stamp duty on insurance premiums, business transactions and land purchases. The ABA believes that getting rid of stamp duty on land would boost property values while also helping to reduce the risk of loans for financial institutions.
Amendments to a number of Acts administered by the Office of State Revenue are due to take effect in the coming months.

As announced in the 2015-16 State Budget, the $3,000 First Home Owner Grant for the purchase of established homes will no longer be available. First homeowners will still be able to apply for and receive the grant and related concessional rate of transfer duty if they have entered into a contract prior to the amending legislation receiving Royal Assent. Following abolition of the $3,000 grant, purchasers of established homes will still be able to apply for the concessional rate of transfer duty. Eligibility for the concessional rate of duty will be based upon criteria similar to that currently used to determine eligibility for the grant.

**LAND TAX**
Changes affecting the assessment of land tax as of the 2015-16 assessment year include the introduction of a flat minimum land tax rate of $300 for taxpayers who hold land with a taxable value between $300,000 and $420,000.

There are also changes to the thresholds at which rates change and increases of all rates except the top marginal rate of land tax.

Information regarding the content and progress of the Revenue Laws Amendment Bill 2015 and the Land Tax Amendment Bill 2015 can be accessed from the Current Bills section of the WA Parliament website.

**DAP INQUIRY RULES OUT THIRD PARTY APPEALS**
The State Government is expected to respond in November to the findings of an inquiry into WA’s Development Assessment Panels which has recommended a more transparent process to deal with complaints about their decisions.

The DAP system was established in 2011 and allows developers to choose to have panels arbitrate on their projects costing between $2 million and $20 million in the City of Perth, and between $2 million and $10 million in other metropolitan and regional areas.

All proposals costing above $20 million are determined by DAPs. According to the WA Planning Department, 209 projects were assessed by panels in 2014-15 with 24 being refused.

The State Government commissioned a review of the system in October 2014 and a key recommendation is for the Planning Department to create a more accessible and transparent process for stakeholders to make complaints about decisions and to promote better awareness of that process.

Only project applicants can appeal DAP determinations through the State Administrative Tribunal and the review ruled out the introduction of a third party appeals process - a finding welcomed by the Property Council of Australia.

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**QUICK FACT**
The 2015 Westpac First Home Buyers survey found that about 80 per cent of first homebuyers want a house rather than a smaller dwelling such as an apartment or townhouse, 62 per cent want to live near shops, 60 per cent consider work proximity to be a priority, and more than half want a property near public transport.
REGULATION REFORMS A WELCOME IMPROVEMENT

REIWA has welcomed significant reforms to WA planning regulations that came into effect on 19 October and sped up the approvals process for new homes by cutting red tape.

In some cases, building and renovation times could be cut by up to two months with consumer savings up to $8,000.

APPROVALS PROCESS
Homeowners and builders can bypass council planning approvals for single houses that comply with residential design codes, a process that otherwise can take up to 60 days, and the new rules also apply to renovations such as construction of a new carport or granny flat.

The planning application will be standardised across all local councils in WA and reforms will also exempt small business from needing approval to change a property from one permitted use to another.

The WA Housing Industry Association calculates rent or land-holding costs can add up to as much as $1,000 per week and the reduced need for planning approval as well as a building permit could equate to an $8,000 reduction in costs that will be passed on to consumers.

REIWA OPINION
Former REIWA president David Airey said a main frustration for home builders was the need to get planning approval and, separately, a building permit for a single dwelling on land that was already zoned for houses and with a design that already met the conditions of the R Codes.

“It has never been very practical to get two approvals for the one house and this has added a lot of time to the process,” said Mr Airey.

“Thankfully, Planning Minister John Day has overseen a common-sense change that now means a planning-compliant single house will no longer require approval.

“It also means that with simple things like installing a planning-compliant patio, carport or granny flat should save up to 60 days in administration time because the government has removed the need for a development application to be submitted to the local government.

CONSISTENCY
Mr Airey also applauded the move to a uniform approach with process and application forms across the state.

“With around 150 local government authorities around WA, it’s imperative that there is consistency in the process from one council to another,” he said.

“It’s great to see that the template for local planning schemes is now being presented in more everyday language without the confusing legal-lingo that can confuse many people.”

RENEW AND MAINTAIN YOUR BUSINESS NAME
ASIC has reminded business owners that they need to renew their business name in order to ensure that it isn’t cancelled.

The reminder comes after ASIC cancelled more than 95,000 business names in the first half of 2015.

ASIC Commissioner Greg Tanzer said renewing is a simple process and the commission encourages business owners to go online where they’ll find guidance on business name renewal fees, what the renewal period options are, how you will be notified of an upcoming renewal as well as an outline of what happens after you have renewed.

ASIC became responsible for the Business Name Register in 2012 and claims that since doing so it has saved Australian businesses $120.7 million in reduced fees to register and renew business names.

ADVICE FOR AGENTS TO TACKLE CRIMINALS

Real estate agents unsure how to spot criminal activity in property transactions have been offered a helping hand by Australia’s key financial intelligence unit that counters money laundering and terrorism financing.

AUSTRAC has released a report to help identify money laundering methodologies used through property agents. Money laundering through real estate provides information about money laundering methods, business vulnerabilities and indicators that a person is laundering the proceeds of crime.

ESTABLISHED CRIME
Laundering of illicit funds through real estate is an established method in Australia. Criminals are drawn to Australian real estate investment because it is possible to purchase in cash, offers reliable financial returns and it is possible to disguise ownership.

Methods of laundering money include mixing illicit funds with loan funds, manipulating the value of properties, use of third parties to present as the official owner, purchasing properties to facilitate criminal activity, generating rental income to seem legitimate and using front companies and trusts to hide the identity of ownership.

METHODS
Money laundering methods include using lawyers and other professional services to conduct transactions on their behalf, establishing trusts and other structures to hide identity, recovering fictitious debts and making payments through lawyer’s trust accounts.

Indicators include:
- using cash to settle transactions which are not usually cash-based, such as real estate purchase
- multiple and unexplained funds transfers, especially from overseas
- difficulty identifying the ultimate source of deposits
- moving funds to/from the law firm’s trust account to/from bank secrecy jurisdictions or high-risk jurisdictions

Suspicious activities are reported to AUSTRAC through Suspicious Matter Reports (SMRs). A range of Australian businesses including banks, casinos, remitters and foreign exchange providers have submitted SMRs which have helped detect, disrupt and deter crime.

The report can be downloaded at austrac.gov.au and businesses concerned that a person might be undertaking a suspicious transaction can lodge an SMR with AUSTRAC or call the AUSTRAC Contact Centre on 1300 021 037.

FIRB CRACKDOWN TIGHTENS

A Foreign Investment Review Board crackdown on illegal foreign purchases of Australian dwellings has resulted in a British investor agreeing to divest a Perth property valued around $700,000.

The investor was among foreigners who have voluntarily come forward to admit breaking foreign home investment regulations. The crackdown is targeting people with temporary residency visas who have kept properties as investments even though they are supposed to sell when they leave the country, as well as the parents of foreign students who have illegally bought a home on behalf of their children.

The Australian Taxation Office has created a flying squad to investigate allegations of illegal foreign purchases over the past decade.

In August, six foreign investors were given 12 months to divest their properties in cities including Perth, with values ranging from $152,000 to $1,86 million. At that time 462 other cases were under investigation, with above average numbers in Sydney, Melbourne and Perth.

Foreigners who have broken the rules have until 30 November to voluntarily let the authorities know. Fines up to $127,500 or three years jail will apply from December, with third parties who knowingly assist them being fined up to $45,000 for individuals and $225,000 for companies.
DEAL OR NO DEAL - WHEN AGREEMENTS BECOME BINDING

By Anthony Prime from REIWA’s retained lawyers MDS Legal

Two recent court decisions have provided timely reminders to those negotiating commercial transactions that a binding agreement may be concluded well prior to formal documents being prepared and signed.

The first case concerned whether parties had made a concluded binding agreement for a new commercial lease. The original lease was due to expire on 30 June 2009.

In May 2009, the parties were discussing a new lease. A new lease proposal was sent by email to the tenant. That proposal was not acceptable and, following some discussions, a further email was sent with a revised proposal for a new lease and requesting that the tenant “confirm in writing that this proposal is accepted”, after which the landlord would arrange for draft documentation to be prepared.

DISPUTE

The email and revised proposal said the landlord was prepared to proceed with the new lease upon the terms set out in the proposal, which contained detailed information as to relevant terms of a new lease.

The proposal provided that the landlord’s standard lease would be used and would be prepared incorporating the relevant terms contained in the proposal. Some days later the tenant sent two emails, the first confirming the tenant was happy with the proposed terms and was seeking the sub-tenant’s approval, and the second email confirming that the tenant had received the sub-tenant’s approval of the terms and asking the landlord’s agent to “please proceed with wrapping this up”.

Draft documentation was then prepared and circulated. By September 2009, the lease had not been signed and the parties were exchanging emails regarding certain terms, most notably, the make good clause.

The sub-tenant and the tenant then gave notice that there was no binding agreement and that both proposed to vacate the property after one month. A dispute then arose as to whether there was in fact a concluded agreement for a new lease.

COURT RULING

The principal issue on appeal was whether the parties intended to be immediately bound by the terms they had agreed in the proposal even though they were expecting to later make a further contract with agreed additional terms, or whether there was no agreement until such time as that later agreement was executed.

The Court of Appeal concluded that there was a complete and binding agreement to lease the property on the basis that the parties would be bound immediately and exclusively by the revised proposal, even though it would in due course be superseded by a formal lease and licence agreement to be prepared.

The court was of this opinion for a number of reasons including:

a) the history of dealings between the parties;

b) that the proposal was accepted prior to the expiry of the existing lease;

c) that the proposal embodied all of the terms that were legally necessary to form a contract;

d) that the proposal did not contain any terms that were more onerous or less advantageous, legally or commercially, than what was contained in the original lease;

e) that the fact that the parties could not later agree on the make good provision did not alter the agreement, in that the revised proposal already contained a make good provision;

f) that although there was provision for the subsequent standard lease to be used it was nonetheless subject to negotiation given that the document provided for the tenant to pay the reasonable costs associated with preparing, negotiating and executing the documents;

g) that upon acceptance of the revised proposal there were no legal or commercial matters of significance that were left to negotiation.
The court concluded that, on a proper construction of the revised proposal, the fact that subsequent negotiations may not result in execution of a formal lease did not affect the binding and enforceable character of the agreement made upon acceptance of the revised proposal.

SECOND CASE
In another decision delivered shortly after, a similar issue arose as to whether parties who negotiated settlement of a dispute between them by way of SMS text messages had intended, by those messages, to reach a binding agreement even though the parties also intended to later embody that agreement in a formal document.

The court found that the exchange of text messages in question were such that parties did intend to create an immediately legally binding contract even though there may well have been an intention to later embody the agreement in a formal document.

A REMINDER
These cases serve as a reminder that in any commercial negotiation, parties may reach a concluded and immediately binding agreement even though foreshadowed formal documentation is never prepared or signed.

Parties should always be conscious, particularly when negotiating through relatively informal means such as email and text message that, on an objective assessment, the parties may be found to have reached an agreement even if subsequent attempts to document that agreement fail.

If a formal written agreement is essential, the exchanges during negotiation must make it clear that is a condition of the negotiation that no binding agreement exists until it has been formally documented and signed.

1) Vantage Systems Pty Ltd v Priolo Corporation Pty Ltd [2015] WASCA 21
2) Avopiling (WA) Pty Ltd v Central Systems Pty Ltd [2015] WASC 82

For further information on any of these topics, please contact Ross McCallum, Paul Donovan, Fiona Stanton, Ashley Macknay, Anthony Prime or Tamra Seaton of MDS Legal, REIWA’s appointed solicitors, on (08) 9325 9353.

Disclaimer: The above article is provided as an information service for REIWA members. Formal legal advice should be obtained before applying any of this information to particular circumstances. The information should not be used or relied upon as a source of detailed advice or as the basis for formulating decisions.

QUICK FACT
The Australian Taxation Office is this year focusing its scrutiny on rental property deductions and unusually large expense claims.
SELLING PROPERTY ON BEHALF OF A PRINCIPAL WHO IS NOT THE REGISTERED PROPRIETOR

By Greg Milner from REIWA’s retained lawyers MDS Legal who often mans the REIWA Hotline

A recurring question I’m asked by callers to the REIWA Hotline is whether a real estate agent can market a property for sale in circumstances where the agent’s principal is not yet the registered proprietor of the relevant property.

The question commonly arises in situations where:

• the agent has been engaged to act on behalf of a property developer principal
• the principal has signed a contract to purchase a property (parent lot) that the principal intends to subdivide into smaller lots (subdivided lots) and on-sell to third party buyers
• the principal has not yet completed settlement of the purchase of the parent lot
• the principal has instructed the agent to procure contracts for the sale of the future subdivided lots to buyers (on-sale contracts)

There are a number of practical and legal issues that an agent may wish to consider before selling a property on behalf of a principal that is not the registered proprietor of the property.

WHAT THE ACT SAYS

Section 13(1) of the Sale of Land Act 1970 (SLA) provides that:

“A person who would, but for this Act, have the right to sell five or more lots in a subdivision or proposed subdivision, or two or more lots in the case of a subdivision or proposed subdivision effected or continued under the Strata Titles Act 1985, shall not sell any of such lots unless:

(a) he is the proprietor thereof;
(b) he is selling as agent of the proprietor;
(c) he sells the lot as one of five or more lots sold to one person in the one transaction or as one of two or more lots so sold in the case of lots in a subdivision or proposed subdivision effected or continued under the Strata Titles Act 1985;
(d) he is empowered by or under an Act to execute a transfer thereof that is registrable under the Transfer of Land Act 1893; or
(e) he is presently entitled to become the proprietor of the lot.”

Agents might be forgiven for thinking that the exception provided by section 13(1)(e) of the Act could be available where the principal has entered into an unconditional contract to purchase the relevant property. Roughly summarised, section 13 of the SLA prohibits the sale of a lot by a person having the right (but for the SLA) to sell:

• five or more lots in a subdivision (or proposed subdivision); and
• two or more lots in a strata title subdivision (or proposed subdivision), unless the seller is the registered proprietor of the parent lot (assuming, of course, that one of the other exceptions set out in sections 13(1)(b) to (e) inclusive do not apply).

Any on-sale contract entered into in breach of section 13 of the SLA is unenforceable by the seller (although it is enforceable by the buyer).

Prudent agents may wish to recommend that any principal intending to sell property (in circumstances where section 13 of the SLA might apply) seek legal advice before entering into sale contracts.

THE CODE

Irrespective of whether section 13 of the SLA is applicable, section 10(2) of the Code of Conduct for Agents and Sales Representatives 2011 provides:

“If an agent ascertains a fact which is material to a transaction in which the agent’s principal is involved the agent must promptly communicate that fact to any person who may be affected by it unless it is clear that person was already aware of that fact.”

Section 10(3) of the code provides that: “When an agent receives instructions to
offer real estate for sale he or she shall promptly obtain a copy of the certificate of title for the real estate and, after obtaining it, refer to that copy for the names of the registered proprietor.”

Section 10(4) of the code provides that: “Without limiting the generality of subsection (1), an agent must, as soon as practicable after receiving instructions to act for a person in arranging a disposal, by way of sale, exchange or otherwise, of real estate and before a contract for that disposal is executed, make all reasonable efforts to verify:

(a) the identity of each person who claims to be, or to act for, a person who is to dispose of all or any of the real estate; and

(b) each person’s authority to dispose of the real estate, or to act for the person disposing of it, as the case requires.”

When sections 10(2), 10(3) and 10(4) are taken together, it might be argued that an agent (acting for a principal who is not the registered proprietor of the relevant property) has an obligation to communicate that fact to any prospective purchaser of the property.

I ON-SOLD A PROPERTY BUT DIDN’T GET PAID!

An agent who sells a property (where the principal is not the registered proprietor of the relevant property) runs an increased risk that the sale negotiated by the agent will not proceed, with the result that the agent may be unable to recover a sales commission from the principal.

For example, if a contract entered into in contravention of section 13 of the SLA is subsequently avoided by the buyer, the agent may (depending upon the circumstances) be unable to receive remuneration for his services by reason of section 61(4) of the Real Estate and Business Agents Act 1978.

Similarly, if the contract between the original seller of the parent lot and the principal fails to settle for any reason, then the on-sale contract necessarily cannot proceed, potentially (depending upon the circumstances) resulting in the agent being unable to receive remuneration for their services.

An extreme example might involve an agent acting for a principal purchasing a large parent lot with the intention of selling, say, 40 subdivided lots.

If the agent was to secure 40 on-sale contracts before the principal became the registered proprietor of the parent lot, the agent may find that they are unable to receive any sales commissions where:

• the principal does not become the registered proprietor of the parent lot; or
• the buyers under the on-sale contracts avoid the on-sale contracts.

For further information on any of these topics, please contact Ross McCallum, Paul Donovan, Fiona Stanton, Ashley Macknay, Anthony Prime or Tamra Seaton of MDS Legal, REIWA’s appointed solicitors, on (08) 9325 9353.

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**ENDURING POWERS OF ATTORNEY**

An enduring power of attorney is a legal document that enables an adult who has legal capacity (the donor) to appoint one or two persons (or a registered trustee company) of their choice (as their attorney) to make property and financial decisions on their behalf.

The rules establishing enduring powers of attorney are set out in Part 9 of the Guardianship and Administration Act (1990).

**DIFFERENT**

An enduring power of attorney differs significantly from an ordinary power of attorney, as it continues to operate (it endures) after the donor loses legal capacity.

The role of an attorney is restricted to making decisions about the donor’s property and financial affairs.

An enduring power of attorney does not give the attorney the authority to make personal, lifestyle and treatment decisions.

This form of power of attorney is in a statutory form set out in the Guardianship and Administration Act 1990.

The donor will declare that the power either:

(i) will start immediately and continue in force notwithstanding his subsequent legal incapacity; or

(ii) will be in force only during any period when a declaration by the State Administrative Tribunal under section 106 of the Guardianship and Administration Act 1990 that the donor does not have legal capacity is in force.

A donor can appoint:

- a sole attorney: a single person or a registered trustee company; or
- joint attorneys: two people who must act together and agree on all decisions that are made, or
- joint and several attorneys: two people who can make decisions together or can make those decisions separately and independently.

If there is no such order, the enduring power of attorney is not effective to appoint the agent or for the attorney to sign a contract for the sale of the property until the SAT order is obtained.

**Step 5**

Check whether the enduring power of attorney has been registered at Landgate. It does not need to be registered at Landgate for the purposes of signing your listing authority or a contract of sale but if the attorney is going to sign the Transfer of Land form, then it would need to have been registered at Landgate for Landgate to accept it. If it is not registered then you should recommend to the attorney that it be registered. As this process can take weeks to register, it would be prudent to consider the settlement date.

**Step 6**

Ascertain why the registered proprietor is selling pursuant to the power of attorney. Try and get confirmation from the registered proprietor unless the registered proprietor is an incapable person.

**Step 7**

Check the signatures on the Transfer (when the registered proprietor purchased the land) with the signatures on the documents you are obtaining now.

**Step 8**

Encourage the attorney to obtain legal advice so that the sales process does not encounter unnecessary delays.
Trust REIWA’s lawyers for all your legal needs.

We can also help you with:
- Business Law
- Commercial Litigation
- Property & Leasing
- Franchising, Intellectual Property, Competition & Consumer Law
- Building, Construction & Engineering
- Employment Law
- Probate and Succession Law

For immediate help call 9325 9353 or visit mdslegal.com.au
More and more foreigners are looking to invest in Australian property with recent reports indicating a strong interest from China, which is not surprising when you consider that there was an 18.4 per cent increase in Chinese visitors from 2013 to 2014, all eager to get a slice of the Australian lifestyle.

Australia generally encourages foreign ownership of property subject to satisfying specific requirements which depend upon the type of property being purchased - i.e. residential, commercial, rural.

In addition, the Federal Government is trying to attract additional capital to Australia and is offering a pathway to permanent citizenship for those who bring money, pay their own way and not be a burden on the Australian social security system.

DIFFERENT VISAS
In that regard there is a range of visas available to wealthy foreigners including:

Significant Investor Visa (SIV) - for people who are willing to invest at least $5 million into complying significant investments in Australia and want to maintain business and investment activity in Australia.

Premium Investor Visa (PIV) - for people who are willing to invest at least $15 million into complying premium investments in Australia and want to maintain business and investment activity in Australia.

Austrade has been designated to design, implement and monitor the complying investment framework for both SIV and PIV applicants and you will find the permissible range of investments on the Austrade website. Importantly, PIV holders are allowed to invest into non-residential property.

TAX RULES FOR FOREIGNERS
Australia’s tax rules provide for three different “tax residency” classifications: Non Resident, Temporary Resident and Resident.

Foreigners who choose to continue to permanently live in their home countries are considered non-residents whereas SIV and PIV visa holders are considered “temporary residents” and are treated differently to normal tax residents.

While tax residents of Australia pay tax on their worldwide income, temporary residents and non-residents only pay tax on the income they derive from Australian sources.

When a temporary resident applies for citizenship they move from being a temporary resident to resident and careful tax planning is required before they make this jump.

The below tables contain a high level summary of the rules applicable for temporary and non-residents for residential property only:

<table>
<thead>
<tr>
<th>Residential Property</th>
<th>Type of Property</th>
<th>Temporary Resident</th>
<th>Non Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>New house/apartment (for residence)</td>
<td>Yes</td>
<td>Yes*</td>
<td></td>
</tr>
<tr>
<td>Existing houses (for residence)</td>
<td>Yes*</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Vacant land/build house</td>
<td>Yes*</td>
<td>Yes*</td>
<td></td>
</tr>
</tbody>
</table>

*Need to apply to Foreign Investment Review Board (“FIRB”) for approval

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Rate of stamp duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide</td>
<td>South Australia</td>
<td>5.50% over $500,000</td>
</tr>
<tr>
<td>Brisbane</td>
<td>Queensland</td>
<td>5.25% over $980,000</td>
</tr>
<tr>
<td>Darwin</td>
<td>Northern Territory</td>
<td>5.45% over $3 million</td>
</tr>
<tr>
<td>Perth</td>
<td>Western Australia</td>
<td>5.15% over $725,000</td>
</tr>
<tr>
<td>Melbourne</td>
<td>Victoria</td>
<td>5.50% over $960,000</td>
</tr>
<tr>
<td>Sydney</td>
<td>New South Wales</td>
<td>7.00% over $3 million</td>
</tr>
</tbody>
</table>
When a foreigner is looking to invest into Australia they need to consider the various tax imposts as set out below.

**INCOME TAX AND CGT**

Any income derived from renting the property and any profit made on the sale of the property is subject to federal income tax. The rate of tax depends upon who is the legal owner of the property. Importantly since May 2012, non-residents are not entitled to claim the 50% CGT discount on properties held for more than 12 months so it makes sense for foreigners to invest through a company structure to cap their tax at 30%, rather than being taxed at marginal rates which could be as high as 45%.

A foreign investor is required to file an annual tax return with the Australian Tax Office. The Australian tax year runs from 1 July to 30 June but substituted accounting periods can be obtained in certain circumstances.

**STAMP DUTY**

On purchase of a property, a stamp duty tax is payable on the purchase price payable by the purchaser. Stamp duty is levied at graduated rates as a state tax and the rates vary between each state. The maximum rates are listed in the table on the previous page.

**WITHHOLDING TAX**

New laws from 1 July 2016 will require real estate agents to apply a 10% withholding tax to the disposal by foreign residents of certain “taxable Australian property” which will cover everything except residential property with value less than $2.5 million, including commercial property, rural property, mining interest and expensive residential property.

The amount withheld will be credited to the account of the foreign resident payee when calculating their final income tax position for the relevant tax year. This would generally require the foreign resident to have a tax file number and to have lodged a tax return.

**GIFT, INHERITANCE, ESTATE TAXES**

Australia does not impose any gift, inheritance or estate taxes on the death of an owner.

If a gift of property is made during the lifetime of an individual to a related party, it is deemed to be disposed of for the market value at the time of the gift. On death, the beneficiary of an estate inherits the cost base of the property of the deceased.

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**QUICK FACT**

A Credit Suisse analysis shows Chinese investors and immigrants purchased $8.7 billion worth of Australian residential property in 2013-14, up 60 per cent on the previous 12 months, with growing demand forecast to pump another $60 billion into the market over the next six years. The Chinese money invested in Australian housing was an estimated equivalent of 15 per cent of national housing supply.
SUMMARY OF COMPETITION AND CONSUMER ACT AND AUCTION CODE COMPLIANCE PROGRAM

By Paul Donovan of REIWA’s retained solicitors MDS Legal

As part of its program to ensure compliance with Australia’s competition laws and its Auction Code of Conduct, REIWA is required to publish regularly a summary of the terms of that compliance program. The following article therefore sets out such a summary.

REIWA is committed at all levels to complying with the provisions of Part IV of the Competition and Consumer Act, 2010 (previously known as the Trade Practices Act, 1974) and all related legislation and regulations (Part IV of the CCA).

Pursuant to orders made on 8 October 1999 by His Honour Justice French in the Federal Court, REIWA has implemented a program to ensure compliance with Part IV of the CCA. That compliance program commenced on 7 January 2000.

While the formal effect of the Federal Court orders came to an end on 8 October 2005, REIWA has continued with a voluntary compliance program since that time and in December 2006 broadened the reach of the program to monitor the performance of the REIWA Auction Code of Conduct.

COUNCIL RESOLUTIONS

All levels of REIWA are committed to ensuring compliance with the terms of the CCA.

As part of that commitment, on 3 November 2005 the REIWA Council made resolutions that included, in part, the following provisions:

a) The Council of REIWA acknowledges the institute’s ongoing commitment to compliance with Part IV of the Trade Practices Act, 1974 (“the TPA”) and related legislation prohibiting anti-competitive conduct. REIWA fully supports the philosophies behind the TPA including prevention of anti-competitive conduct.

b) Notwithstanding the recent expiration of the formal requirements upon REIWA imposed by the orders of His Honour Justice French in the Federal Court on 8 October 1999 to maintain a TPA Compliance Program, REIWA recognises the desirability of continuing such a program. As such, REIWA is committed to continuing at all levels to fully conforming with Part IV of the TPA and, to assist it with that aim, to having an effective Compliance Program.

c) Further, REIWA acknowledges the importance of the Council itself taking the lead in both establishing a culture of compliance with the provisions of Part IV of the TPA within REIWA and ensuring adherence to those provisions by all of REIWA’s management and staff. REIWA also appreciates the importance of providing ongoing guidance and education to its members in order to promote compliance by the real estate industry with the provisions of the TPA.

OBJECTIVES OF COMPLIANCE PROGRAM

The objectives of the REIWA Compliance Program are as follows:

a) to ensure that all levels of REIWA, including the institution as a whole, the REIWA Council, REIWA committees and all REIWA staff, comply with the terms of Part IV of the CCA

b) to ensure that sufficient resources and procedures are made available to all levels of REIWA so as to enable compliance with Part IV of the CCA and the Auction Code

c) to enable effective education and training of all levels of REIWA and REIWA’s general membership with respect to the terms of Part IV of the CCA and the need to comply with that Act and the Auction Code

d) to ensure that all breaches or potential breaches of Part IV of the CCA and the Auction Code are identified expeditiously and to ensure that steps are implemented quickly to remedy any such problems

e) to enable REIWA to ensure, as far as possible, that all contractors, sub-contractors, agents and distributors associated with REIWA comply with the terms of Part IV of the CCA and the Auction Code

RESOURCES PROVIDED BY REIWA

The following resources are made available by REIWA to all levels of the institute to assist in ensuring compliance with the CCA:

a) the availability at all times of the Internal Compliance Officer (ICO) Neville Pozzi and, through
the medium of the ICO, REIWA’s External Legal Adviser (REIWA’s Legal Adviser) Paul Donovan of MDS Legal, to attend to all issues and address all enquiries regarding the Compliance Program and Part IV of the CCA

b) a formal compliance program manual prepared by REIWA’s Legal Adviser

c) the provision of education and training
d) the training and induction of staff
e) the making available to all members of the REIWA Council, REIWA committees, REIWA staff, the executive and REIWA general membership trade practices reference material including the following:
   (i) The Annotated Competition and Consumer Act by Russell Miller
   (ii) Fair and Square
   (iii) Summaries of the Competition and Consumer Act and the Prices Surveillance Act
   (iv) Small Business and the Competition and Consumer Act
   (v) Advertising and Selling

f) the provision of advice by the ICO, when need be, to the REIWA Council, REIWA committees, REIWA staff and REIWA members

Any REIWA members who wish to access any of the resources referred to above should make direct contact with the ICO, Neville Pozzi.

ADVICE OF AMENDMENTS TO PART IV OF THE ACT
In order to ensure that REIWA receives timely advice of relevant changes to the CCA:

a) REIWA’s Legal Adviser advises REIWA, by its executive director and president, of any amendments to Part IV of the CCA

b) REIWA’s Legal Adviser (or REIWA’s Legal Adviser’s nominee) attends senior management meetings on a six-monthly basis and reports on any changes to Part IV of the CCA

c) the ICO reports directly to the REIWA Council at meetings held by the Council on all aspects concerning the CCA and specifically makes recommendations in the light of any amendments to that legislation

REVIEWS BY REIWA’S LEGAL ADVISER AND ICO
Following the making of the orders in the Federal Court on 8 October 1999, REIWA’s Legal Adviser conducted a thorough review of REIWA’s most significant governing documents, members’ standard forms and training contracts including its Articles, exclusive agency agreements, rules of practice, by-laws, policies and operating directives, specifically having regard to Part IV of the CCA.

As part of this review, substantial amendments were made to many of these documents.

Further, an application was made by REIWA in July 2000 to the ACCC for formal authorisation under the CCA of its Articles, Members’ Codes of Practice, Multiple Listing Service by-laws and exclusive agency forms.

Authorisation is able to be obtained from the ACCC on the basis that the anti-competitive detriment produced by potentially anti-competitive conduct is outweighed by public benefit derived from that conduct.

FORMAL AUTHORISATION
A final determination was handed down by the ACCC in connection with REIWA’s application, granting authorisation, on 21 December 2001 and amendments were made to REIWA’s documents to comply with that determination.

Five year extensions to this formal authorisation were provided by the ACCC in 2007 and 2012.

All new and/or changes made to REIWA’s Articles, contracts entered into between REIWA and other training providers and/or TAFE colleges, REIWA standard clauses, rules of practice, by-laws, policies and operating directives are not implemented without REIWA presenting those documents to REIWA’s Legal Adviser for his consideration and advice, specifically having regard to the provisions of Part IV of the CCA or, alternatively, without REIWA making application for authorisation of those documents pursuant to the CCA.

REIWA’s Legal Adviser is also required to review in draft any REIWA arbitration and tribunal awards to ensure they comply with the provisions of Part IV of the CCA.

The ICO reviews all minutes of all REIWA committees, divisions and groups prior to their dissemination to identify any issues that arise under the provisions of Part IV of the CCA, and is required to address those issues promptly.
COMPLAINTS HANDLING SYSTEM
The REIWA CCA Compliance Program includes a detailed process for handling complaints relating to any non-compliance with Part IV of the CCA by REIWA.

All members of staff, the REIWA Council, REIWA committees or REIWA’s Legal Adviser who become aware of a complaint being made by a member of REIWA or a member of the public or, alternatively, who wish to make a complaint themselves, must report that complaint immediately to the ICO.

The Compliance Program sets out the manner in which all complaints must be dealt with by the ICO, including the need for the ICO to report to the REIWA Council, the REIWA CCA Compliance Committee and REIWA’s Legal Adviser.

REIWA invites all members who become aware of any breaches of Part IV of the CCA to make a complaint to REIWA or to otherwise draw the fact of that breach to the attention of REIWA.

RECORD-KEEPING
The Compliance Program requires numerous written records to be kept. These include a failures log (detailing all problems, failures and faults recorded with respect to the Compliance Program), a complaints log, files containing relevant documents pertaining to complaints, written records of training programs and written records of the induction of new staff, Council members and certain stipulated committee members.

REIWA’s Legal Adviser and the ICO keep documentary records of their reviews of documents pursuant to the Compliance Program.

IDENTIFICATION AND RECTIFICATION
In order to ensure identification and rectification of any breaches of Part IV of the CCA, the Compliance Program provides for regular meetings between the ICO and REIWA’s Legal Adviser, REIWA’s Legal Adviser and senior management and the CCA Compliance Committee.

The ICO is also required to report to the REIWA Council.

REPORTING
REIWA encourages the reporting of breaches or potential breaches of Part IV of the CCA and regards this reporting as being essential to ensure that REIWA complies with the CCA.

All members of the REIWA Council, arbitrators, REIWA committees, staff and general members are encouraged to report to the ICO any breaches or potential breaches of the CCA by REIWA, its members or any associated third parties.

All these reports will be considered by the ICO thoroughly. Such reporting is seen as being a positive and non-threatening action designed to bring about solutions to problems.

REIWA manifests its desire to encourage reporting of breaches and potential breaches in the following ways:

a) the implementation of the Compliance Program
b) the training of existing and future members of the REIWA Council, arbitrators, members of the Professional Standards Committee, chairpersons of all other REIWA committees, REIWA staff and general members
c) the giving of advice to the REIWA general membership that REIWA encourages the reporting of breaches or potential breaches of Part IV of the CCA

EDUCATION AND TRAINING
Since the implementation of the REIWA CCA Compliance Program, training sessions have been provided pursuant to the Compliance Program to the REIWA Council, REIWA arbitrators, REIWA Tribunal members, the REIWA executive and REIWA’s general membership regarding the provisions of Part IV of the CCA.

REIWA will continue to provide further training to members and staff from time to time.

The Compliance Program also provides that as part of the induction of all new members of the REIWA Council, new arbitrators, new members of the Professional Standards Committee, new chairpersons of all other REIWA committees and new REIWA staff are, as part of their induction to REIWA, trained with respect to Part IV of the CCA, the need for compliance with that legislation by REIWA and the provisions of the Compliance Program.

REIWA AUCTION CODE OF CONDUCT
REIWA collects data from its staff, members and any other available sources including consumers regarding the compliance by its members as a whole with the provisions of the Auction Code.

Further, REIWA monitors the efficacy of the Auction Code in providing
consumer protection in accordance with the general review procedures set out in the Compliance Program.

REIWA also promotes the terms of the Auction Code to consumers and its members by use of methods which include but are not limited to providing training and guidance to members and taking reasonable steps to ensure that the terms of the code are made available to consumers by members as is required under the provisions of clauses 4 and 5 of the Auction Code.

PUBLICISING OF THE REIWA COMPLIANCE PROGRAM

The Compliance Program specifically provides methods for publicising the requirements of that program.

Those methods include the publishing of this summary of the Compliance Program Manual in REIWA News.

MONITORING AND ASSESSMENT OF COMPLIANCE

REIWA monitors and assesses the effectiveness of the Compliance Program in the following ways:

a) day-to-day assessment and monitoring of the Compliance Program by the ICO
b) assessment and monitoring by REIWA’s Legal Adviser on an on-going basis as a consequence of the fulfilling of REIWA’s Legal Adviser’s role in the REIWA Compliance Program
c) meetings between REIWA’s Legal Adviser and the ICO on a regular basis and the holding of formal meetings between REIWA’s Legal Adviser with the REIWA senior management on a six-monthly basis
d) assessment and monitoring by the REIWA Council on an on-going basis
e) the holding of meetings by the CCA and Auction Code Compliance Committee on a six-monthly basis. This committee was created by the resolution of the REIWA Council referred to earlier. The committee reports directly to the REIWA Council and is required as part of the Compliance Program to review stipulated documents and issues at every meeting. Those documents and issues include but are not limited to amendments to the CCA, issues arising out of any review of REIWA documents, any complaints or compliance problems, any problems arising out of the provision of training programs, any systemic or occurring problems with Part IV of the CCA and any perceived failure to comply with Part IV of the CCA by the REIWA general membership or other persons or bodies with which REIWA deals.

REVIEW OF THE COMPLIANCE PROGRAM

The Compliance Program is reviewed in the following manner:

a) REIWA’s Legal Adviser and ICO review the program on a continuing basis
b) the CCA and Auction Code Compliance Committee review the Compliance Program on an on-going basis
c) REIWA Council reviews the effectiveness of the Compliance Program on a regular basis in the light of reports it receives from the CCA and Auction Code Compliance Committee

LIAISON WITH THE ACCC

The Compliance Program requires the ICO to liaise with the ACCC in numerous ways including but not limited to liaising with the ACCC regarding authorisation issues or any problems REIWA perceives it or its members may have with competition issues.

CONCLUSION

REIWA reiterates that it is committed to ensuring that it complies with the provisions of Part IV of the CCA.

REIWA urges its members to ensure they also comply with the provisions of the CCA and is willing to assist members with that compliance.

REIWA reiterates that it encourages members to report to REIWA any breaches of Part IV of the CCA of which members become aware.

For further information on competition matters or any other legal matter, please contact Ross McCallum, Paul Donovan, Fiona Stanton, Tamra Seaton, Ashley Macknay or Anthony Prime of MDS Legal, REIWA’s appointed lawyers, on (08) 9325 9353.
MINIMISE YOUR RISK OF MISLEADING AND DECEPTIVE CONDUCT

The general principle under Australian Consumer Law (ACL) is that people in business should not engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

This basic principle can in practice impact upon a number of the elements of the conduct of real estate transactions.

In particular:

a) sellers of real estate can be held liable for misleading or deceptive conduct with respect to the sale, including the features of the property being sold - although recent court rulings have underlined that, in order for individual sellers to be held liable, they need to have engaged in “trade or commerce” (therefore, for example, sellers who do not regularly sell real estate may not be covered by these provisions of the ACL)

b) real estate agents need to be cautious to avoid misleading or deceptive conduct when dealing with the seller (for example, selling potential, fee structures, state of the market)

c) real estate agents need to be cautious to avoid misleading or deceptive conduct when making their own representations to parties to transactions including, for example, predictions as to the investment potential of properties

d) real estate agents need to be cautious to avoid misleading or deceptive conduct when passing on to other parties representations made by their own clients or other real estate agents

TYPES OF OFFENDING CONDUCT

Types of conduct in real estate that could infringe the misleading or deceptive conduct provisions of the ACL include:

a) selling a property where at settlement the seller does not transfer certain features of the property (such as dishwashers) that prior to the sale were impliedly represented to the buyer as being included in the transaction

b) misrepresenting the investment potential of a property

c) representing that a property has features (such as insulation, rewiring, planning approval or receipt of specific rental returns) that it does not have

d) actively taking steps to hide otherwise obvious defects to a property (such as rising damp or cracking) during a home open

e) misrepresenting the position of a property with “psychological defects” (such as failing to disclose violent neighbours or a notorious death at the property)

INNOCENT MISTAKES

One of the most significant features of the misleading or deceptive conduct provisions of the ACL is that intention is not an issue.

If a real estate agent makes a representation that is factually incorrect, a consumer can sue the agent for breaching the ACL (for damages or injunctive relief) even if the real estate agent honestly and reasonably believed the representation at the time that he or she made it.

When determining whether a breach of the ACL has occurred with respect to misleading or deceptive conduct, it may not matter whether anyone was actually misled.

If the conduct was likely to mislead, that is maybe enough for there to be a contravention of the ACL.

This is a particularly advantageous weapon in actions by competitors to stop conduct that a rival is engaging in that is misleading or deceptive.

IMPLIED REPRESENTATIONS

Misleading or deceptive conduct does not have to take the form of express representations.

Very often misleading or deceptive conduct arises by way of implications out of things that are said or done.

In many cases, an express representation can be made that is in itself true but, given the circumstances, may give rise to an implied representation that is false.

For example, an agent may tell a potential buyer of a property that the wiring in a house was checked the year before by a competent electrician.
That express representation may, in the circumstances of an enquiry by a potential buyer at a home open as to the sufficiency of the wiring, give rise to an implied representation that the wiring is safe and sufficient.

While the express representation may be true, the false representation may be false and therefore misleading or deceptive if, in fact, the wiring is in a dangerous state and the electrician had made that point.

**WORDING**

Many people foolishly try to avoid liability for misleading or deceptive conduct by thinking of ways to express representations by the use of particular words.

As a general guide, if the intention of this creative process is to think of a way to give an impression without actually stating expressly that claim, be very careful!

If the claim is unsustainable a breach of the ACL may occur whether the claim is made by way of express representation or implied representation.

An example of this in the real estate sector may occur through the publishing of brochures. The brochure might expressly refer to the opportunity that exists for views to be obtained from a property.

That representation might be true at the time that the statement is made but if the agent is aware that building approval has been given to a neighbour that will result in those potential views being lost, that fact would need to be disclosed to avoid the implied representation that the potential for the views will continue.

**UNDERQUOTING OF SALE PRICES**

Recent booming real estate markets in Sydney and Melbourne have placed an intense media and political focus on the practice of “under-quoting” of real estate sales prices.

The practice is said to be a form of “bait advertising” and results in properties being advertised at sums lower than the sales value estimates made by the agent and lower than the price the seller has advised the agent that he or she would be prepared to accept.

Related conduct includes advertising that sets out a range of prices being sought and/or refers to the price of the property as being “from” a certain amount.

The NSW Parliament currently has before it legislation designed to outlaw “under-quoting” in the real estate industry and proposes placing a number of obligations upon agents when advertising the prices of properties including not being able to provide vague price information such as “offer above” or “offer over” an amount “plus” a particular amount (e.g. $500,000+); and ensuring a price range is no greater than 10 per cent of the bottom figure (e.g. $500,000-$550,000).

**CLEAR RECORDS**

Although there is no similar legislative reform currently proposed for WA, real estate agents should be aware that the practice of “under-quoting” could well amount to a breach of the current provisions of the Australian Consumer Law regarding misleading or deceptive conduct and “bait advertising”.

Conduct that induces potential buyers to consider properties advertised at an amount lower than the true expectation of the seller and therefore induces the consumer to make contact with the agent upon a false premise, attend home opens, etc, may breach the legislation.

REIWA recommends that agents ensure they only advertise properties at prices that reflect the true instructions received from the seller, do not advertise a price lower than the price the seller has said he or she will accept, keep clear records of the agent’s own price appraisals of the property, and keep clear records of the instructions provided by the seller as to the sums the seller is prepared to sell the property for.

Of course, as sales conditions and instructions change, clear records should be kept of all revised price advice given by the agent and all subsequent price instructions provided by the seller.

**PREDICTIONS**

A prediction can also be misleading. If a prediction is made that is not based on reasonable grounds, the conduct will be deemed to be misleading or deceptive.

Indeed, once a claim is made that a prediction has been made without reasonable grounds, the person making the prediction bears the onus of proving that the reasonable grounds existed.
By way of example, statements made by real estate agents as to the potential profits that can be obtained from developing and on-selling a property could be held to be misleading or deceptive if the predictions were not made based on reasonable grounds.

SILENCE
It should be noted that, depending upon the circumstances, silence can be misleading.

The failure to correct a misapprehension can give rise to a breach of the ACL. One example of such conduct would be if an agent took steps to hide significant white ant infestation or rising damp in a building by the strategic positioning of furniture during a home open.

It would be no defence for a real estate agent to claim that it had been made clear to all potential buyers before the sale that the property was sold “as is” and that no express representation had been made that the property had no white ant infestation or rising damp.

The placement of the furniture has obviously in this case taken place so as to give rise to the inference that the property was free of white ant infestation and rising damp and the failure of the real estate agent or owner to correct that misapprehension may amount to misleading or deceptive conduct.

Clearly the real estate agent and owner in this instance had a duty to speak.

SALE OF LAND
In addition to the potential for action to be taken against agents claiming damages and/or injunctions, it should also be borne in mind that prosecutions can also be made against real estate agents claiming pecuniary penalties for some misleading or deceptive conduct. For instance, it is illegal for real estate agents (or anyone else) to make false or misleading representations in connection with the sale or promotion of land, or of interests in land.

A breach of these provisions of the ACL may lead the ACCC or the Department of Commerce to launch a formal prosecution.

In particular, it is illegal for an entity to:

- Make a false or misleading representation concerning the nature of an interest in land, the price payable for the land, the location of the land, the characteristics of the land, the use to which the land is capable of being put or may lawfully be put, or the existence or availability of facilities associated with the land.
- Represent that a corporation has a sponsorship, approval or affiliation it does not have.
- Offer gifts, prizes or other free items with the intention of not providing them or of not providing them as offered.
- Use physical force or undue harassment or coercion in connection with the sale or grant of an interest in land or the payment for an interest in land.

ADVERTISING
Misleading or deceptive conduct can include advertising and, in particular, advertising for events such as the sale of real estate.

While courts give some latitude to puffery in advertising (for example, a claim that an airline is the “greatest” in the world or that people eating Twisties will have action heroes jump out of cinema screens to embrace them), those formulating advertisements still need to take special care.

Close scrutiny is paid by the ACCC and the courts to factual claims regarding the attributes of properties, products, services or businesses contained in advertisements, including the attributes of land.

The ACCC and the courts look at comparative advertising particularly closely.

AVOIDING LIABILITY
If a real estate agent does pass on information that he or she believes to be true but that has originated from another source (such as the landlord), the real estate agent should do everything reasonably possible to check and verify that information.

However, it will of course not always be possible to check each and every detail of a property.

The High Court of Australia has determined that an entity is not liable for misleading or deceptive conduct if the entity has made it clear that all he or she is doing is passing on information as a conduit for what it is worth, without
being the source of the information and without vouching for the truth of the information or otherwise.

However, real estate agents should be wary when relaying information. They must not turn a blind eye to obvious facts or put their own “gloss” upon information so that they adopt the representation.

Real estate agents should keep careful written records of all information passed on by them to prospective tenants, including telephone notes and notes of meetings, to be used in the event that a dispute arises.

DISCLOSURE STATEMENT
The use of the REIWA standard Seller’s Disclosure Statement, duly signed by a seller, can be an important record as to exactly what instructions an agent has received from a seller.

It should also be borne in mind that general disclaimer clauses do not necessarily enable real estate agents or anyone else to avoid liability under the ACL for misleading or deceptive conduct.

Disclaimers may be relevant in determining whether a consumer, as a matter of fact, has been misled, but are not in themselves an immunity from liability and they do not operate to absolve persons from liability for misleading conduct.

General disclaimers by real estate agents that potential buyers should make their own enquiries or that potential buyers should not rely upon information that has been supplied and that the real estate agent does not verify that information might, depending upon the circumstances, be ineffective.

A court in applying the provisions of the ACL looks at the conduct in its entirety to see whether, taken as a whole, there has been a making of a representation by a person passing the information on to a potential tenant.

For example, a typed disclaimer contained at the end of a brochure will often not avoid liability for a representation made in the brochure or a separate verbal representation that proves to be misleading or deceptive.

CODE OF CONDUCT
Of course, the above description of principles that arise in Australian commercial law regarding misleading or deceptive conduct, and how that applies to real estate, is separate to and in addition to the obligations placed upon real estate agents as a consequence of the Real Estate and Business Agents’ Act Code of Conduct and the REIWA Members’ Codes of Practice.

The obligations upon real estate agents and sales representatives to make reasonable enquires regarding “material facts” and disclose them to persons involved in transactions are significant and a breach of these provisions can give rise to disciplinary proceedings in the State Administrative Tribunal.

PERSONS IN BONA FIDE CONTROL
The person in bona fide control of a real estate agency has an onerous position to monitor the conduct of the business to ensure that the agency complies with the Australian Consumer Law and the Real Estate and Business Agents’ Act Code of Conduct.

The person in bona fide control should ensure that all staff are aware of the issues in this article and establish procedures that minimise the risk of any breaches occurring.

QUICK FACT
The Master Builders Association believes that new bushfire regulations under consideration by State Parliament could increase the price of a new home in fire-prone areas by more than $20,000, depending on the size and type of house, due to special design features, land clearing costs and regulatory external building materials.
FORGED MORTGAGE NOT SECURITY FOR LOAN AGREEMENT

In a Supreme Court of Victoria decision, a husband wanted to buy a restaurant. He had a poor credit history and would not be able to obtain any loans. He decided to transfer his interest in his residential property to his wife so that she could obtain finance in her name using the land as security for the restaurant.

The husband’s solicitor advised him to obtain a Declaration of Trust and a signed transfer to be held in escrow so that the land could be transferred back to him at a later time. The documents were prepared but never executed.

The residential property was transferred to the wife. The husband then fraudulently and without her knowledge forged her signature on loan agreements, mortgages and related documents, and provided a false valuation and false wages information to the institution.

The institution had no direct dealings with either the husband or the wife, and dealt with a mortgage originator. The restaurant failed and the institution claimed possession as a mortgagee. The mortgage document registered against the title referred to all moneys owed by the wife and did not refer to any specific sum of money.

The court held that the mortgage did not secure the amount owing under the loan agreement. Although the mortgage that was registered is indefeasible, the indefeasibility did not extend to the loan agreement as well.

The court noted that no loans were provided by the institution to the wife, or at her request. The court also held that the wife held the land on a resulting trust for her husband and the land was therefore available to be seized by the institution in execution of its judgment against the husband for fraud.

The court noted that where a person transfers land to another person without any consideration, equity presumes that the property is held by the transferee on a resulting trust for the transferor. However, where the husband transfers land to his wife without any consideration, there is a rebuttable presumption of advancement that the husband intended to convey both the legal and beneficial interests in the land to the wife.

In this case the presumption of advancement was overcome because there was a definite intention by the husband to retain the beneficial ownership in the land. In other words, the husband was merely using his wife’s name in his fraudulent design to obtain finance on the land in excess of its true value.

The wife therefore held the land for her husband and it was able to be seized by the institution to satisfy its judgment against the husband for fraud.

CLUB LEASE VOID FOR ILLEGALITY

In a NSW Court of Appeal decision, a Polish club operated licensed premises. In 2011, it agreed to allow a couple to lease and operate the restaurant for members of the club. They were also given a non-exclusive licence to use a room adjoining the restaurant area. A written lease was prepared and submitted for signing. Written agreements were never finalised or signed. The tenants entered into occupation at the restaurant area and commenced trading as a Polish restaurant, and used the adjoining room and started paying rent in accordance with the unsigned lease and licence.

For the sale and supply of alcohol to patrons of the restaurant, patrons would visit a nearby bar area operated by the club to purchase their drinks and return with their drinks to the restaurant. In relation to functions, however, drinks would be delivered to patrons at their table.

The restaurant operated successfully but relations between the parties deteriorated. The club’s lawyers purported to terminate their relationship. The tenants claimed the lease was a retail lease under the retail legislation and was guaranteed a minimum five year lease.

Subsequently, the club excluded the tenants from the restaurant area and adjoining room. The Court of Appeal held that the tenant’s licence of the adjoining room was a breach of the Liquor Act and therefore rendered the lease void and unenforceable.

Ultimately, although the retail shops legislation did apply to the restaurant and the tenants would have been entitled to a five year period, both the lease and licence were not valid because they breached the liquor licensing laws and did not have the approval of the relevant authority.

DAMAGES FOLLOWING BUYER’S REPUDIATION

In a NSW Court of Appeal decision, a buyer and seller entered into a standard contract for a property for $7.2 million.
The contract was guaranteed by two guarantors. The buyer defaulted. Thirteen months later the seller resold the property to a third party for $4.4 million. The sellers sued the buyer and guarantors for damages. The General Conditions allowed for the difference between contract price and the resale price to be claimed only if the resale occurred within 12 months of the termination of the contract.

After the 12 month period, the general rule should apply. The general rule is that damages for breach of a contract for sale of land are assessed as at the date of the breach of the contract. The court held, however, that the general rule is not inflexible and would not apply in circumstances where some other date is necessary to provide adequate compensation.

Another date might be the date that the contract price is paid on the resale. However, it is for the seller to demonstrate there are reasons that make it unjust to apply the usual measure of damages - that is, the date of the breach of the contract.

The matter was sent back to the primary judge to allow the parties to provide evidence as to the value of the land as at the date of the breach of the contract.

That is, the damages may be the difference between the original contract price and the market value of the land at the time of the breach of contract.

If there is no market, then the innocent party may be able to show that a later date for assessment of the damages should be applied in order to justly compensate the innocent party for the breach of contract.

DOES A MORTGAGEE OWE A DUTY TO A Deregistered COMPANY THAT OWNS LAND THAT DEFAULTS?

In 2003, Golden Mile purchased land in NSW for $3.9 million. The land was subject to two mortgages. In 2007, an order was made for the winding-up of Golden Mile for non-payment of land tax. A valuation at the time stated that the land was worth $1.4 million.

In 2008, the mortgagee gave notice exercising its power of sale. Two of the three directors of Golden Mile formed a new company.

In 2008, the mortgagee entered into a Contract of Sale with the new company to sell the land for $2.25 million. In 2012, Golden Mile was deregistered but remained the registered proprietor of the land. In the same year, Transport NSW gave notice to the mortgagee that it would acquire the land.

The mortgagee and the new company rescinded the first contract. They entered into a new contract for a purchase price of $2.88 million.

At the end of 2012 the Valuer-General determined that compensation of $4.2 million was payable for the land. Transport NSW paid $3 million in compensation to the mortgagee.

A dispute arose as to whether Golden Mile or the new company was entitled to the residual amount of compensation. Golden Mile claimed it was the legal owner and had the equitable right of redemption as the mortgagor after the mortgages were paid out.

Golden Mile argued that the new company had never become the equitable owner because the completion date under the second contract never arrived before acquisition of the land by Transport NSW.

The NSW Court of Appeal held that the central question was whether the mortgagee had acted in breach of its duty to Golden Mile in the exercise of its power of sale by entering into the second contract. If that was the case, then the second contract would not prevail over the interests of Golden Mile.

The court noted that when a company is deregistered its property vests in ASIC under the Corporations Act and its rights can be enforced. The Court of Appeal therefore sent the matter back to the trial judge to determine the issue.

The court noted that the mortgagee had failed to obtain market value and that Golden Mile had retained a right to the compensation paid by Transport NSW.

For further information on any of these topics, please contact Ross McCallum, Paul Donovan, Fiona Stanton, Ashley Macknay, Anthony Prime or Tamra Seaton of MDS Legal, REIWA’s appointed solicitors, on (08) 9325 9353.

Disclaimer: The above articles are provided as an information service for REIWA members. Formal legal advice should be obtained before applying any of this information to particular circumstances. The information should not be used or relied upon as a source of detailed advice or as the basis for formulating decisions.
SMARTSHARE GIVES MONEY BACK TO MEMBERS

The recent introduction of our new reiwa.com reward program SmartShare has come at a very good time for many of our members.

reiwa.com SmartShare is our partnership program that rewards your agency based on your reiwa.com advertising spend. So the more you support reiwa.com, the more you benefit!

AGENCY PAYMENTS

In August 2015 we made end-of-financial-year payments to more than 130 agencies that had signed up to the program (prior to 30 June 2015) and qualified for the rebate. This was good timing for a lot of members who are currently feeling the pressure of a softer market.

While the rebates have been calculated and paid for those who participated last financial year, the good news is that it’s not too late to sign up and participate in the program this financial year!

HOW DOES IT WORK?

Get a 10 per cent rebate just for signing up. It’s that easy. Sign up your agency and you can receive a 10 per cent rebate on your advertising spend for the rebate period. Sign up your staff as REIWA associate members and if your agency reaches the spend target set by the institute, you can receive an additional 20 per cent rebate.

HOW DO YOU SIGN UP?

For more information about our new rewards program or to sign up to reiwa.com SmartShare, simply email smartshare@reiwa.com.au or visit the SmartShare page on the REIWA members’ website.

QUICK FACT

Most of the $1 billion Gateway WA road project linking Perth Airport has been opened to motorists and is likely to have a gradual impact on nearby real estate demand. The Tonkin Highway interchanges at Horrie Miller Drive and Abemathy Rd were officially opened in September and the final stage involving Roe Highway interchanges at Tonkin Highway and Berkshire Rd is expected to be finished by January.
NEW REIWA.COM ONE CLICK CAMPAIGN

reiwa.com’s latest campaign aims to get the public to stop and think about just how important it is to click on the right property search website in that initial search moment.

After all, buying a property is one of the biggest decisions we can make in our lives.

The campaign, which was launched in August and will run until 7 November, aims to position reiwa.com as the search portal of choice in WA, drive traffic to the site and ultimately to you.

The TV-led campaign is running on Seven, Nine, Ten and regional TV, and coincides with a strong digital media presence.

More traditional avenues of out-of-home advertising and radio are also being used.

SEARCH HABITS

REIWA’s Executive Manager Marketing and Communications Stephanie Collinson said the campaign aims to break the apathy for competitor brands and disrupt searching habits.

“We found ourselves wondering why people in the market wouldn’t automatically go to the most comprehensive and trusted local knowledge source - reiwa.com,” said Stephanie.

“The reality is, people don’t try you because you show up and do the same thing. Brands need to show up with the same plus better - in other words a really compelling reason to switch, particularly with a low-interest behaviour.”

CHALLENGE

The creative challenge was to emphasise that initial search moment and dramatise how important it is to get on the right track from the beginning.

“The task was also to put reiwa.com on a level playing field with its competitors but then go one further and demonstrate that we offer far more than just property listings,” said Stephanie.

“Hence the birth of our new Beyond a property listing website positioning line.”

TV and radio focus heavily on the disruptive emotional space. The One click TV advertisement hones right in on the one moment of going to search and gets people to really think about that big decision they’re making.

BLUE PINS

A comprehensive ‘blue pins’ outdoor campaign throughout Perth treats each bus shelter adshelf and billboard as if it were a property, using the actual knowledge and information from reiwa.com to identify interesting details of what is in direct vicinity to each of the 70 outdoor sites.

reiwa.com Executive Manager Lisa Ravlich said it was bold campaign.

“Taking on competitor sites is a big challenge,” said Lisa. “However, we believe if we can disrupt the behaviour around searching and arm the public with the right information, they’ll be better placed to make the right decisions.”
reiwa.com has accepted a television sponsorship of the Matt and Kim to the Rescue program.

We are proud to be partnering with Channel Nine and Matt and Kim from The Block to change the lives of a WA family in need.

ABOUT THE PROGRAM
In December 2013, Matt and Kim from The Block delivered a heart-warming renovation to the Salvation Army’s Oasis House in Mirrabooka.
The makeover was featured in The Sunday Times Christmas in WA special which rated more than 150,000 viewers.
From there, the concept of a local renovation show was born. Finding the most worthy recipients and creating stunning home makeovers, Matt and Kim to the Rescue is all about engaging with the community of Perth in a deep and tangible way.
This year on 27 May, Matt and Kim once again touched the hearts of West Australians. The second episode peaked at 173,000 metro viewers.
Episode three will run in November and more than 180,000 metro viewers are expected to tune in.

OPPORTUNITY
Channel Nine and Matt Di Costa approached reiwa.com earlier this year seeking our assistance.
reiwa.com is truly proud to be supporting Matt and Kim with their next mission to help another WA family through sponsorship of the program.
We were moved by the sad story of the worthy recipients.
The sponsorship also provides us with the opportunity to emphasise that reiwa.com is “beyond a property listing website”. We are about much more than real estate; we live here in WA and support the community at all levels.
We can’t reveal the details of recipients or our contribution yet.
You’ll simply have to see it yourself. Matt and Kim to the Rescue (episode three) will feature on 15 November on Channel Nine!
RENEWED PARTNERSHIP WITH PERTH SCORCHERS

reiwa.com will enter the next two campaigns of the KFC T20 Big Bash League (BBL) as the Perth Scorchers’ Joint Principal Partner.

reiwa.com joined the Perth Scorchers ahead of BBL|04 and made the decision to upgrade its sponsorship from Major Partner to Joint Principal Partner for the next two seasons with a strong desire to give back to the WA community.

SUCCESSFUL PARTNERSHIP

The decision was made following a successful first year partnership in BBL|04. The success of the partnership was highlighted by the return on investment as well as the close working relationship between the two organisations.

The Perth Scorchers are the fastest growing sports brand in WA, achieving sell-out crowds, record TV viewership and winning the Big Bash League (BBL) for the past two seasons. Compared to other Australian sports leagues, the BBL has the highest brand recall amongst the public.

reiwa.com experienced how sponsorship can play a vital part in its overall marketing mix and how the emotional support for a club/sport can impact the level of brand engagement.

OPPORTUNITY

The BBL has established itself as a must-watch competition, incorporating non-stop crowd entertainment and attracting new fans (in particular families, women and children) through fast-paced cricket, big hits and a strong focus on fan engagement.

BBL|04 proved to be the league’s most successful to date. The Perth Scorchers achieved record crowds last season, with more than 75,000 members and supporters attending matches and just under a million TV viewers nationally per match on Network Ten.

The Perth Scorchers are the competition’s benchmark, having reached the Big Final in each season and becoming the first club to win back-to-back titles after achieving the ultimate success in BBL|03 and BBL|04.

Off-field, the Perth Scorchers attract sell-out crowds and an average national TV audience of more than 968,000, more than any professional sports club in WA.

HIGHLIGHTS OF BBL|04

- The total average audience for the season was 929,000
- Nine matches had an average audience of more than one million viewers
- 10 games exceeded one million viewers with the Big Final pulling in more than 1.5 million to be the highest rating game for the season
- 94,628 fans attended home matches and BBL|04 had three sell-out matches
- 237,000 Facebook likes
- Just under 10 million Australians tuned in with 4.4 million women enjoying the coverage

With the partnership, reiwa.com gains a number of benefits including high brand exposure incorporating air time on Network Ten, the opportunity to engage with the match audience and unique experiences for REIWA members and the public.

Keep an eye out for updates and unique experiences.
REAL ESTATE CONNECT AN INSPIRING CONFERENCE

By reiwa.com Executive Manager Lisa Ravlisch

Produced by Brad Inman, Real Estate Connect is the premier real estate technology event for everyone who cares about the real estate industry and where it is going.

Each year, thousands of influential real estate leaders gather at Real Estate Connect to network, make deals, explore current trends and technology, and learn how to embrace and leverage the change that surrounds our industry.

A GREAT CONFERENCE

I’d heard great things about the Inman Connect conference but nothing really prepared me for what I was about to experience.

The four day conference in August at the Union Square Hilton in San Francisco had more than 2,500 delegates in attendance, 200 speakers, 100 exhibitors and 85 sessions/workshops. There was so much to see, do and absorb but, not surprisingly, the technology side of the conference peaked my interest the most.

Speakers from Google, Zillow, realtor.com and Brad Inman himself were on the top of my “must-see” list. Following are a few of their key messages.

CONNECTING WITH CONSUMERS

Many topics were marketing-related and focused on how to “connect with the consumer” in today’s digital age. The shift towards mobile was still a key focus. Rebekah Bastian (vice-president Product Teams, Zillow) quoted that Zillow’s mobile traffic is now 65% of all visits during the week and up to 80% of all visits on weekends.

It’s imperative to have a mobile-first strategy. Make sure your site is responsive and ensure your landing page is optimised for mobile.

Matt Lawson (Director of Performance Marketing, Google) added to this by stating that to win in mobile, you need to think like a psychologist, not a technologist.

Mobile has forever changed the way we live and it’s forever changed what we expect of brands. It’s fractured the consumer journey into hundreds of real-time, intent-driven “micro-moments”.

Each one is a critical opportunity for brands to shape our decisions and preferences. Of particular interest, people now pursue big goals in small moments.

According to Google, 90% of smartphone owners have used their phone to make progress toward a long term goal or multi-step process while “out and about”. Stolen moments throughout the week are now being used to achieve long-term goals such as purchasing a home.

THE NEW KIDS ON THE BLOCK

One of my favourite sessions was hearing from the “new kids on the block”.

Each entrepreneur gave a one minute summary of their new business idea. Apparently, just a few years back the entrepreneur from AirBNB was on this list! Check out the list of new business ideas in real estate below.

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<td>Anthony Mann</td>
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THE FUTURE OF 3D MODELLING
Live demonstrations from Matterport showed how listings can truly be brought to life through 3D modelling. Matterport provides the most realistic sense of actually walking through a property online, and is a great platform to attract busy and out-of-town buyers. Matterport produces high quality immersive 3D models in the hands of any user. As the camera gently spins, it captures the colours and contours of a space and calculates dimensions and spatial relationships between objects. For more information, visit www.matterport.com.

THE NEED FOR AUTHENTIC COMMUNICATION
Discussion around video and the growing need for more authentic communication was a trending topic. Video can help deliver authenticity because there are certain intricacies of the human language which can only be portrayed through visual communication. Some of the best videos are simple videos - no lighting, no background, genuine, off the cuff, simple and short messages. There is a time and place for different types of video but as an agent you shouldn’t be afraid to use it. Buyers will embrace it and you can get positive results and sales from a simple 30 second video.

CONNECTING WITH CHINESE BUYERS
Simon Henry (co-CEO of Juwai.com) presented some interesting facts on the Chinese market:
• China has more internet users than any other country
• 90 million Chinese search for property every month
• Chinese buyers spent $37 billion on international residential properties in 2013. They are the fastest growing group of foreign buyers of international property.
• Australia is the second top country for Chinese buyers behind the United States. Following Australia is Canada, the United Kingdom, New Zealand, Portugal, France, Spain, Germany and Singapore.
• Websites not hosted in China can either be blocked entirely or experience excessively slow page load times, which is not a good consumer experience
• Juwai.com is the only portal hosted behind China’s great firewall, as well as on Amazon’s global cloud with a reach of 2.6 million visits monthly. They reach Chinese buyers wherever they are located.

WHAT’S AROUND THE BEND?
It’s an exciting time for the industry. Never before has there been so much invention and innovation. Entrepreneurs must be inventive, tenacious and never give up.

But it’s also a challenging time for the industry. It’s dynamic and there will be further disruption. Brad Inman predicts that in 12 months from now, the conversation will be very different and disruption will have taken place. However, it’s unknown exactly what this disruption will be! Inman believes the current US real estate industry is inefficient (there are too many agents, too many hands and too many mortgage brokers) and that the struggle for ownership of data will be the main game. Once there is a fully integrated database with the ability to transfer property titles online, the one who has access to this data and provides the better user experience will win the real estate game in the end.

INSPIRING
Overall, INMAN Connect was a truly immersive and inspiring experience. I am more energised and enthused about working in the real estate and technology space than ever before. I would encourage anyone who is particularly interested in the future of real estate to attend next year! For more information about INMAN Connect, visit www.inman.com/connect.
A change in the direction and staffing complement at REIWA Research has led to the recent appointment of some new employees. As from September, REIWA Research is joined by Balveen Kaur and Ronak Bhimjiani who will undertake the core roles of data collection, research and analysis.

The Research Unit will itself now sit within the Advocacy and Policy division at REIWA and will be led by Lisa Kazalac who joined REIWA in 2014.

**DATA DUO TO HEAD NEW RESEARCH UNIT**

**TOP NEW RESEARCHER TO HELP UNDERSTAND YOUR MARKET**

REIWA has appointed a new Research Lead who has a strong background in domestic and overseas property analysis and who is keen to help you understand the fundamentals driving your local market.

Balveen Kaur worked four years researching and consulting on property across Malaysia and more recently Perth for Knight Frank.

She has a Bachelor of Business (Property) from the University of South Australia and hopes to pursue a Masters degree through research in Urban and Regional Planning over the next two to three years.

**EXPERIENCE**

As the Research and Consultancy Executive for Knight Frank in Malaysia, Balveen conducted market and feasibility studies involving report writing and liaison with local authorities, clients and consultants.

She kept a close tab on Malaysia’s property market and wrote regular articles for that country’s bi-annual Real Estate Highlights journal which included market commentary on major cities.

Her research mainly focused around the high-end residential, retail and hotel markets in Malaysia.

Working with Knight Frank in Perth, Balveen researched specific properties and markets for presentation to clients and for internal information purposes.

She prepared feasibility studies for specific client ventures and regular market updates across all real estate sectors for the Knight Frank client database and beyond.

At Knight Frank in Perth, she focused mainly on commercial office and industrial research.

**KEY ROLES**

Balveen’s key roles with REIWA include:

- Collation, manipulation and interpretation of data from REIWA’s internal and external sources
- Analysis of movements and trends in the WA residential and commercial property market
- Compilation of reports such as the quarterly Market Update, Real Facts, Community News reporting and others
- Preparation of multimedia presentations and briefing notes
- Data analysis and provision of high quality market research
- Provision of evidence-based analysis to support policy positions
- Managing research projects relevant to the property industry
- Responses to data and research enquiries from members, the general public and the media

**Q&A**

REIWA News asked Balveen how members can take advantage of or benefit from her research into market results and trends:

REIWA provides a wide range of tools and services to supply agents with quality, informed market information and property appraisals based on the most recent market information. Most of the tools are web-based and information is sourced directly from the industry itself and from Landgate concerning ownership.
In the current era, research material is highly accessible for buyers, sellers, tenants, landlords, investors and agents. However, the point of differentiation from one agent to another is the ability to skilfully interpret the market intelligence for the benefit of all parties involved in a particular dealing.

This allows agents to continue to play an important role between the buyer and seller, rather than being excluded altogether from the equation. REIWA members should take advantage of being constantly updated with the most recent research and policy updates to remain competitive in the marketplace.

Where can members most easily find the results of REIWA's research team?
The best place for research is reiwa.com! Also in newspapers, particularly our weekly update in WA Business News and The West Australian.

For what reasons should REIWA members contact you and what is the best way for them to make contact?
REIWA members should get in touch with the research team should they require any additional information on the market trends which could be generated according to the desired specifics at a small fee. REIWA members can reach us by emailing the research mailbox at research@reiwa.com.au.

Can members contact you directly for research information?
Yes. Feel free to email me at balveen.kaur@reiwa.com.au if you have any research enquiries and I’ll try my best to address them!

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**QUICK FACT**

Construction is expected to begin in early 2017 on a $59.7 million dollar expansion of Busselton Airport with the added capacity expected to provide direct flights to and from eastern states capitals, as well as international flights in the long-term. The residential, retail and hotel property sectors are likely to see spinoffs from increased tourism and more fly-in, fly-out workers settling in the surrounding district.
IMPRESSIVE CREDENTIALS FOR MARKET KNOWLEDGE

If a researcher had spent several years crunching numbers for firms such as Barclays, Deutsche Bank and Bloomberg, wouldn’t you put some faith in his credentials to analyse WA’s real estate market and provide advice on property trends?

Members who’d like to tap into the knowledge of such an obviously talented market researcher can now do just that following REIWA’s appointment in August of Research Officer Ronak Bhimjiani. Ronak, 26, has an undergraduate degree in Financial Economics attained in England as well as an impressive record of experience within the UK Funds Management and Investment Banking industry:

- Barclays Capital - investment banking bond optimisation analyst
- Fidelity Investments - broker associate
- Deutsche Bank - investment banking analyst
- Bloomberg - summer intern market analyst

As a REIWA research officer, Ronak monitors different markets and key economic trends to provide forecasted analyses and written commentary for the real estate industry.

He lives in the suburb of Madeley with his wife.

Q&A

REIWA News spoke to Ronak about how he can help you collect and understand hard data affecting your local or broader real estate market.

What are the main research tasks you’ll be undertaking?

This will vary across different quarters and depending on the general market. However, some key reports and research findings will be produced and published. For instance, weekly analysis in the West Australian newspaper, fortnightly market reports within various community newspapers and quarterly market updates.

How can members take advantage of or benefit from the research you conduct for REIWA into market results and trends?

The best source to attain research information is via the REIWA website. There’s a wealth of knowledge available within the site, including a member’s section. Other sources for the public are newspapers such as The West Australian, WA Business News, community newspapers and other publications.

Can members contact you directly for research information and what is the best way for them to make contact?

Sure they can! We have a dedicated Research mailbox which would be the best way to get in touch, but I can also be reached by phone. There is myself, Balveen Kaur and Lisa Kazalac within the new Research Team.

Based on your research, would you venture a prediction of how the WA real estate market will perform in the next 12 months?

A crystal ball would help. In all seriousness, there’s a bit of a slowdown in the real estate market. We have seen a downturn in median prices and volume and this trend may continue or at least stagnate for the next 12 months.

However, this means opportunities to attain properties at discounted values may be seen for smart investors. Macro factors affecting the overall economy still exist and until we weather that storm, it’s an interesting market.
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NEW FINANCE MANAGER FINDS REIWA BOOKS IN GOOD ORDER

Geoff Burgess was appointed in June as REIWA’s new Executive Manager Finance and was delighted to quickly find that the institute’s accounts are in good order thanks to its highly professional finance team, with auditors confirming in September that all the books are ship shape.

Geoff is a Certified Practicing Accountant with a Bachelor of Commerce degree and a post-graduate Diploma in Business. Previous employers that have enjoyed his finance, accounting, auditing, administration and analysis skills include Coles Myer, KONE Elevators and Komatsu.

A FAMILY MAN
Geoff was born and bred in Perth and lives in the southern suburbs with his wife and three children. His family take advantage of Perth’s sunny outdoors with frequent camping and day trips. Geoff otherwise occupies his time playing for the Leeming Spartan Cricket Club or contributing to the Parents and Citizens Association at his children’s primary school. He is Honorary Treasurer of both the cricket club and the P&C.

KEY ROLES
As REIWA’s Executive Manager Finance, Geoff’s key roles include monitoring and managing the institute’s financial activities, company accreditations, licences, contracts, agreements and insurance, at the same time identifying and implementing cost reduction and control practices.

He contributes to REIWA’s strategic financial and commercial planning, oversees audits, manages risk management and legal compliance issues and keeps a close eye on the REIWA House premises including tenancy management.

REIWA AUDIT
The annual audit of REIWA’s 2014/15 Financial Statements was finalised in early September and received a clean bill of health, with the closing report stating:

“In our opinion the financial report presents fairly, in all material respects, the financial position of Real Estate Institute of Western Australia (Inc) as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the Associations Incorporation Act 1987, and the Rules of the Institute.”

Q&A
REIWA News asked Geoff what were his first impressions of REIWA’s accounts:

Having commenced with REIWA at one of the more hectic times of the financial year, I was pleasantly surprised by the very high level of discipline, integrity and governance of the Finance Team. Facing year-end accounts, preparation of the annual financial statements and external audit within the first few weeks following my appointment was a little daunting. However, this was made all the more easier thanks to the professionalism of the finance and broader REIWA team.
Have you been able to comfortably integrate your skills into REIWA’s existing structure?

The most satisfying element of my career is being in a position to partner with other business units and colleagues to achieve common commercial and operational goals. Finance provides a unique opportunity to get involved with an assortment of different business areas, along with the opportunity to raise awareness about the impact of financials among my peers from a non-financial background. Reciprocally, I’m given the opportunity to learn more about non-financial business operations which is a great way to diversify my experience.

Are you satisfied with REIWA’s accounting or do you plan any changes to institute book-keeping?

REIWA’s accounting processes are very solid and the Finance Team are very experienced. As they say, ‘if it isn’t broken, don’t fix it’. To that end I don’t foresee any significant changes to accounting processes. However, I believe it’s critical to strive for best practice in everything we do. I encourage the immediate Finance Team and other stakeholders to challenge processes if they believe there’s an easier or more efficient way of achieving the desired outcome.

Given the regulatory nature of accounting, there are some processes that need to happen a certain way to maintain a required level of governance, and for other processes there may not be as stringent requirements. As a result, there will no doubt be some tweaks to processes along the way. The challenge is to ensure we’re operating as efficiently and effectively as possible to minimise risk to the organisation and without compromising the integrity of the finance function.

For what reasons should REIWA members contact you?

Generally the first port of call for REIWA members who have queries with their membership services or accounts is the Member Services team, who will quite often be able to satisfy the members query there and then. In the event further investigation is required, the Member Services team will pass on the query to the Finance Team for resolution.

QUICK FACT

The Perth and Peel @3.5 million draft planning strategy calls for more than 600 hectares of sport and recreation space across Perth to meet future demand. The strategy identifies potential sites covering 30ha south of the Wilbinga National Park, 40ha east of the Two Rocks secondary centre, 30ha north of the Yanchep city centre, 18ha in Ellenbrook, 100ha in the south-west corner of Whiteman Park, 64ha in Haynes, 40ha in Cardup, 20ha in Jandakot, 20ha in Lark Hill, 50ha in East Karnup, 56ha in Ravenswood and 49ha in Blythewood.

QUICK FACT

Net overseas migration into WA fell 17,200 or 47.2 per cent during 2014. Total immigrant intake for the year was 18,900 or 363 people per week, down on the 1,091 per week in the year to September 2012.
ENJOY PRACTICAL ADVICE FROM AN EXPERIENCED CONSULTANT

REIWA’s new Business Development Manager Miguel Carreira can boast practical experience in the property industry, having worked for more than three years as a sales representative with Colliers International in the sale and leasing of commercial and industrial properties.

Miguel was previously employed by Gough Recruitment in administering employment opportunities within the real estate sector. He commenced at REIWA in September.

Q&A
REIWA News asked Miguel what sort of business development skills he can bring to REIWA members:

Given that I worked in selling real estate, I’m able to relate to many of our members in wanting to know what tools they have available to make their daily tasks more efficient. With my intimate knowledge of PriceFinder I’m able to help our members work smarter and not harder with their prospecting. The research available from our members’ site can help enormously with their vendor presentations as well as advertising options on reiwa.com by assisting in building their brand.

Do you have any broad tips on how REIWA members could improve their business management or better develop their business operations?

Hire good business development managers to grow your rental management rapidly rather than organically, as this is the key to keep cashflow in a tough sales market. Another key is to hire and hold onto experienced property managers who provide great service to owners and tenants, which will then help your retention levels of your rent rolls.

Social media should not only be a tool to build your agency profile in an area but it should also be used to incorporate the internal staff with functions, team bonding activities and volunteering for charities. This is a great way to keep staff engaged and attract new talent.

For what reasons should REIWA members contact you?

REIWA members should contact me if they need help in understanding what tools REIWA has to offer. There is so much that our members don’t know is on offer within the research space, reiwa.com and also in REI Forms.

Business Development Manager
Miguel Carreira
NEW MANAGER TO HELP DEVELOP YOUR BUSINESS

If you’re baffled by the diversity of services on offer that can assist your development into a successful and profitable business, REIWA has appointed a new Business Development Manager to help cut through the fog.

Mia Edge joined the institute in August and brought with her 10 years experience in different business development, trade marketing and training roles with businesses such as Seven West Media, Miele Australia and Racing and Wagering WA.

Mia has a detailed understanding of most REIWA functions such as advocacy and policy, research, marketing and reiwa.com. She is a font of knowledge about REIWA products and services.

Q&A

REIWA News asked Mia about her past experience:

I have thoroughly enjoyed the journey and exposure in such colourful industries as media, racing and gaming, and of course working for a world leading German company, Miele. Outside initial studies and courses, I’ve had some fabulous mentors and leaders along the way who have taught me the extensive knowledge and positive approach I bring to my position and the business each day.

Can you summarise how you will be providing your business development skills to REIWA?

At REIWA it’s about being across all aspects of the business such as advocacy and policy, research, marketing and of course reiwa.com including products and services such as listing options, Price Finder and REI Forms. I suppose most importantly it’s being knowledgeable on all areas of the business to provide the most informed, consistent and holistic approach to our network of members. Further, providing the resources, training and information to our members to keep them engaged in REIWA with a vision of reiwa.com becoming the number 1 destination for WA real estate.

Can you summarise how you will be providing your business development skills to REIWA members?

Yes. Of course. My passion in business is connecting with people, their business, the industry and growth. Working in business development in different capacities across a number of different businesses and industries, I very quickly identified that REIWA has the best proposition and offering to the WA real estate marketplace. I suppose, in essence, I’m here to connect those dots and educate our members how to get the most from our products and services, and how they can integrate these into their day-to-day duties in their real estate profession.
INDUSTRY EXCELLENCE RECOGNISED AT AWARDS

On the evening of 17 September at Crown Perth, the annual REIWA Awards for Excellence were celebrated with a gala dinner.

In a profession where awards, recognition and trophies are plentiful, the REIWA Awards for Excellence stand alone. They are not based on sales, turnover, listings or profit.

These awards recognise and celebrate the more human elements of the profession. Those moments in people’s lives and careers that are outstanding, memorable and make a difference.

The ones that show initiative, perseverance, passion, commitment and generosity.

AWARDS FOR EXCELLENCE

The Awards for Excellence now cover some 16 different categories across the breadth and diversity of the real estate sector.

From small beginnings just a few years ago, the Awards for Excellence have been enthusiastically embraced by members and the number of entrants grows each year.

Most categories are now hotly contested and the judges often have a difficult time determining winners from among a wide variety of outstanding candidates.

Those announced as winners have the distinction of being the state entrant for their category in the national awards for excellence held in Melbourne in March next year.

As such, they are not simply winners and mentors for the local industry but also ambassadors for WA in the nationwide awards of 2016.

WINNERS

And the winners were:

Large Residential Agency of the Year
Winner: Momentum Wealth

Medium Residential Agency of the Year
Winner: RealEstate88

Small Residential Agency of the Year
Winner: TM Residential

Commercial Agency of the Year
Winner: CBRE

Residential Salesperson of the Year
Winner: Tonia McNeilly - TM Residential

Commercial Salesperson of the Year
Winner: Daniel Sanzone - CBRE

Residential Property Manager of the Year
Winner: Laura Levisohn - MResidential

Commercial Property Manager of the Year
Winner: Louise Greenhalgh - CBRE

Buyers Agent of the Year
Winner: Kent Cliff - Momentum Wealth Property

Corporate Support Person of the Year
Winner: Jenifer Wright - Realmark Real Estate

Achievement Award
Winner: Amy Thompson - Momentum Wealth Property

Innovation Award
Winner: Professionals The Kelly Team

Communications Award
Winner: Rentwest Solutions

Community Service Award
Winner: Naked Real Estate

Opposite page (left to right):
1 Brendan Leahy with Anna Sorensen of Aon
2 Paul Donovan with Damian Collins
3 David Airey with Anita and John Purcudani
4 Frank Spano with Tonia McNeilly
5 Tom Esze with David Airey
6 Commerce Minister Michael Mischin with Daniel Sanzone
EVENTS TRIFECTA “BEST IN AUSTRALIA”

September saw three of the biggest and most successful REIWA annual events unfold at Crown Perth

PROPERTY MANAGERS’ CONFERENCE
Themed as Ready, Set, Go!, the 2015 REIWA Property Managers’ Conference attracted a record crowd of more than 700 attendees as the event shifted from Busselton to Perth for the first time.
This was a break with tradition to accommodate a bigger audience, a move that was ultimately embraced by our members with the usual number of attendees more than doubling this year.
The bi-annual pilgrimage to Busselton had become a much-loved tradition but demand for the REIWA Property Managers’ Conference far exceeded the space this regional hotel could provide, so this destination has reluctantly been discontinued. All future property manager’s conferences will be held in Perth.
Topics this year included cybercrime, social media, client connection, dealing with gender differences, growing your portfolio and addressing myths and misunderstandings with leasing and the RTA.

AWARDS FOR EXCELLENCE
On the final night of this successful Property Managers’ Conference, REIWA hosted a gala dinner with more than 400 people to celebrate the REIWA Awards for Excellence.
These awards recognise the very best in the real estate profession with 16 different award categories including the prestigious Kevin Sullivan Memorial Award, our highest accolade, which this year went to joint winners Alan Bourke and John Percudani (see page 90).

SPRING INTO ACTION
Finally, the following day more than 1,100 sales consultants packed into the Grand Ballroom at Crown Perth for the annual Spring Into Action REIWA sales conference.
Keynote speakers addressed customer service, listing skills, learning from life experiences, negotiation techniques and moving from solo agent to a team, among other topics.

OUTSTANDING
Both the property managers’ conference and sales conference were generously sponsored by a range of industry product and service providers, which made for a great trade display in the outer halls of the event.
As always, the calibre of local and interstate speakers was outstanding and luncheon tables were groaning under the weight of sumptuous food.

LARGEST IN AUSTRALIA
REIWA chief executive officer Neville Pozzi congratulated our dedicated REIWA staff for pulling all three events together in a flawless and timely fashion.
“These events are now among the largest of their kind in Australia, a great tribute to REIWA and clearly something which our members enjoy and engage with,” said Neville.
“REIWA Training is also to be congratulated for securing seven CPD points for both events, which is a great boost to member participation and shared learning.”
TWO WINNERS OF KEVIN SULLIVAN AWARD

The Kevin Sullivan Award is REIWA’s highest accolade and for the purposes of the national Awards for Excellence it represents the President’s Award.

The late Kevin Sullivan was well known and very well regarded by all the industry through the 1960s, 1970s and 1980s. His reputation was hard to beat and he strived to instil trust in the profession and lift the standards of training, experience and accountability.

Aside from his personal and company success, Kevin Sullivan was a tremendous mentor, philanthropist and hands-on real estate agent who gave as much back to the industry as he gained from it.

HIGHLY CONTESTED
This award carries his ethos and celebrates his legacy. It is often highly contested and the judges usually have a very difficult time choosing a winner.

In fact, the benchmark required for winning the Kevin Sullivan Award is so demanding it is not unusual for the judges to decline nominations and to leave the award on the shelf until the following year when a fresh round of aspirants can be considered.

This year we have the unusual situation where the judges deliberated on two finalists for several hours, before finally calling it a tie.

So for only the second time in the history of the award, we have joint winners.

ALAN BOURKE
Alan Bourke has been working in the industry for 35 years and gained his real estate license in 1980.

With a strong presence through Victoria Park, South Perth and Applecross, Alan finally established himself as “Bourkes” and has been a principal for 27 years.

His office currently has 35 members including sales reps, office staff and property managers.

Over more than three decades, Alan has proved his commitment to personal development and industry engagement with such positions as REIWA president, chair on The Professionals board, First National board member, Ausnet board member and current chair of the Prominent Agents network.

Having been a REIWA member since 1982, Alan has served on many committees including the Training committee, Homebuyers committee, Arbitration Panel, Annual Conference, Finance and Risk committee, the REIWA information line and the Nigerian Scam Committee with the Commerce Department, as well as being a REIWA Councillor between 2003 and 2009 and, of course, president between 2010 and 2011.

Always with an eye to the future, Alan acts as a mentor to his younger staff members and employs a sales partner on a training basis. Often new to the industry, these people are able to learn under his expert guidance.

JOHN PERCUDANI
John Percudani and his wife Anita opened Realmark in 1989, rejecting many of the standard industry practices of the day and embarking on what they saw as new and better ones.

With a passion for innovation and a keen desire to adopt new tools, John has gone on to build a very successful marketing group with 15 offices and has received multiple awards. This includes eight national awards and 20 REIWA Awards for Excellence since 2006.

Having built a successful business model and career, John has not been one to keep to himself and makes an effort to educate and mentor others.

He believes strongly that information should be disseminated, even to competitors and across other industries.

John has supported many real estate agents and business professionals with developing their skills and while such mentoring takes up a lot of his valuable time, he regards it as a duty and responsibility.

This includes an “open house” policy for local and interstate real estate professionals to visit him, and he shares his consumer guidance and market insights with the public through his blog, media comments and public speaking.

A strong advocate of auctions, John has also developed some award-winning sales methods and introduced Set Date Sale and Select Date Lease into the WA marketplace.
Paul Sullivan, Alan Bourke, John Purcudani and former REIWA president David Airey
AUCTION CHAMPIONS
HAMMER IT OUT

Tom Esze and Frank Torre represented REIWA at the Australasian Auctioneering Championships in Melbourne in early September.

Earlier this year, Tom from tomeszeauctions.com won the 2015 REIWA Auctioneering Championships, while Frank from House Real Estate was runner-up.

Both gentlemen made the trip to Melbourne to represent WA in the Australasian titles, participating in the heats and attending the gala dinner the following night.

PROUD CAREERS
Tom began his real estate career in 1987 after a six year engagement in the Australian Army.

He believes the method of sale by auction is the most accountable and effective process available to the seller and agent to realise a premium outcome.

Frank is well known in Perth and the western suburbs, having previously achieved outstanding results.

He has won many awards including WA Auction Champion, Highest Dollar Value Sold by Auction and the Highest Sale Price Ever Achieved in WA for a Home Sold at Auction.

THE WINNERS
The event was hosted by the Real Estate Institute of Victoria and was hotly contested but it was Harry Li from Victoria who was declared the 2015 Australasian Auctioneering Champion, winning the title for Australia after four consecutive wins by New Zealand.

Other finalists included John Bowring from New Zealand (REINZ), Damien Cooley from NSW, Andrew North from New Zealand (REINZ) and Edward Riley from NSW.

Former REIWA president and auction enthusiast David Airey applauded both WA men for their efforts and thanked them for representing the state and for being great ambassadors of the profession.
REIWA WELCOMES NEW MEMBERS

Ray White Corby & Co
Baldivis
Doug Corby
Elsie Corby

Now Living Realty
East Perth
Linda Ypchev
Andrew Teo
Julian Ambrose

Samian Property Group
Greenwood
Michael Bell
Margaret Bell

Firestone Realty
Cannington
Peter Chen

Dominion Real Estate
Subiaco
Giancarlo Daniele
Matthew Bird

Linkara Capital Pty Ltd
Perth
Lindsay Karathanassis

First North Real Estate
Currambine
Melissa Patience
Vern Patience

Square Metre Property
Mount Hawthorn
Cooper Egan

LJ Hooker Claremont
Claremont
Vivien Yap
Moses Marrion

Griffin Real Estate Services Pty Ltd
Northbridge
Brooke Devine
Mark Pages-Oliver

Albany Property Management
Albany
John Hetherington

RE/MAX Torrens
Bedford
Arash Kalani

Steadfast Real Estate WA
Greenmount
Mike Steadall

Indo-Pacific Property
Nedlands
Daniel-Paul Filippi

ACTON Projects
Nedlands
Bradley Raynor
Glenn O’Connor-Smith
John Coleman

Capitol Asset Management
Perth
Debra Thomson

Mair and Co
East Perth
Damian Collins

NAI Harcourts Realty Plus
Spearwood
Sam Fazio
Tony Romano

Harcourts City Central
West Leederville
Mark Hales
Brian Lynn

RE/MAX Lighthouse Realty
Bunbury
David Willis

National Realty Western Suburbs
Swanbourne
Tony Manners
Arabella Taylor

Ray White South Perth
South Perth
Lisa Kerr

Fortune Business & Property Brokers
West Perth
Chris Blake

Donald Property Group
Rivervale
Susan Kallmeyer
Robert Donald
Rebecca Donald

Mon Abri Real Estate
South Perth
Jon Ferguson

DownSouth Property Group
Siesta Park
Lynda McKilligin

Sovereign Property Solutions
Wangara
John Barndon
Siobhan Duffy

Link House and Land
Osborne Park
Cosimo Cutri
Mark Di Masi

Wallace Realty
Cottesloe
Justin Wallace
CALENDAR OF REIWA EVENTS 2015/16

3 December
REIWA Christmas Cocktail Party
Matilda Bay foreshore

27 May
2016 reiwa.com Golf Day
Joondalup Golf Resort

13 August
2016 reiwa.com Awards
Crown Perth

6 October (TBC)
2016 REIWA Property Management Conference
Crown Perth

6 October (TBC)
2016 REIWA Awards for Excellence
Crown Perth

7 October (TBC)
2016 REIWA Spring into Action Sales Conference
Crown Perth
REIWA COUNCILLORS

The Institute’s governing Council presently comprises the following members who would always be happy to discuss their respective areas of specific responsibility:

<table>
<thead>
<tr>
<th>Hayden Groves, President</th>
<th>Dethridge Groves Real Estate</th>
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</thead>
<tbody>
<tr>
<td>Damian Collins, Deputy President</td>
<td>Momentum Wealth</td>
</tr>
<tr>
<td>Suzanne Brown</td>
<td>Rentwest</td>
</tr>
<tr>
<td>Sarah Kinsey</td>
<td>Ray White Uxcel</td>
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<tr>
<td>Peter Lawrance</td>
<td>Avanti Residential</td>
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<tr>
<td>Brett Thorp, North East Region Councillor</td>
<td>Thorp Realty</td>
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<tr>
<td>Rory Trotter</td>
<td>Force Real Estate</td>
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<tr>
<td>Krys Tully</td>
<td>Tully First National</td>
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<tr>
<td>Joe White, South West Region Councillor</td>
<td>JMW Real Estate, Dunsborough</td>
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Members may contact the Chief Executive Officer at any time and on any administrative issue but the processing of enquiries might sometimes be easier if relevant members of the staff were contacted direct.

STAFF DIRECTORY

Staff members’ main areas of responsibility are:

| Accounts | Jill Mulcahy |
| Advocacy and Policy | Lisa Kazalac |
| Arbitration, Professional Standards, Documents and Forms | Craig Bradley |
| Auctioneering, Business Agents, Property Management, Sales Consultants, Strata Titles | Hilary Perdue |
| Branches, Buyers Agents, Commercial, Rural | Carolyn Franklin |
| Business Development | Rod Harris/Miguel Carreira/Mia Edge |
| Events, Conferences and Sponsorship | Carolyn Franklin/Hilary Perdue |
| Finance and Commercial | Geoff Burgess |
| Graphics | Janis Burt |
| Training | Liz McIlhone |
| Marketing and Communications | Stephanie Collinson |
| Corporate Communications | Jane Humphries |
| Membership | Leanne Stokes |
| REIWA Information Line | Jenny Hay/Debbie Reagan |
| reiwa.com | Lisa Ravlich |
| reiwa.com Awards | Leigh Humphreys |
| Stationery | Member relations team |
| Statistics, Research, Analysis | Balveen Kaur |
GETTING THE MOST FROM YOUR REIWA MEMBERSHIP

REIWA’s success ultimately depends on your success, which is why we do everything we can to ensure your business runs smoothly and that our specialist tools free you up to focus on growing your agency and developing meaningful client relationships.

Here’s an overview of what your membership offers you:

AGENCY SUPPORT & ADVOCACY

KEY BENEFITS

- **REAL ESTATE FORMS.** Up-to-date, complete and concise forms for all transactions.
- **REIWA INFORMATION LINE.** Free personalised guidance by industry practitioners with extensive experience.
- **REIWA LEGAL HOTLINE.** Access to guidance from a legal advisor.
- **ONE VOICE.** With one industry voice, we can make real changes that benefit all West Australians.
- **REPRESENTING YOU.** We represent the WA real estate industry on behalf of you, our members.

MARKETING SERVICES

KEY BENEFITS

- **LISTING AND ADVERTISING OPTIONS ON REIWA.COM**
  We reach an average audience of 17,000 WA property seekers every day; over 70% of our traffic is from WA. Our advertising campaigns are centred on driving traffic to the site and directing enquiries to you.
- **LOW ADVERTISING RATES.** As your real estate institute, we offer you low advertising rates.
- **DEVELOPMENT TEAM.** Our specialised team can help you with your website, app development and hosting requirements.
MARKET INTELLIGENCE

KEY BENEFITS

- **REALLY LOCAL.** REIWA knows the WA property market and we focus solely on it.
- **REAL TIME.** Get a snapshot of current sales and listings.
- **WEEKLY SALES REPORT.** The most current and comprehensive details on the WA housing market.
- **BE FIRST.** 80% of sales are logged with us first, so you’ll be the first to know what’s going on.
- **COLLECTIVE KNOWLEDGE.** Get access to a range of other information providers.

TRAINING & PROFESSIONAL DEVELOPMENT

KEY BENEFITS

- **MULTIPLE CAREER PATHS.** We offer training for sales people, property managers and agency managers.
- **ALWAYS UP-TO-DATE.** We’re constantly updating our course information to stay relevant to the latest industry changes.
- **LEARN FROM INDUSTRY PROFESSIONALS.** Be trained by highly skilled professionals who are currently working in the industry.
- **NATIONAL QUALITY STANDARDS.** We’re a Registered Training Organisation and comply with stringent national quality standards.

NETWORKING & EVENTS

KEY BENEFITS

- **EDUCATION, INSPIRATION AND RECOGNITION.** Our events include award presentations, conferences, seminars and forums, branch and network events and social events.
- **MEMBER EXCLUSIVE.** Our events are for REIWA members only and we keep ticket prices low.
- **CPD POINTS.** Some of our events count towards your CPD points.

For more information, visit reiwa.com/members or call our Member Relations Team on 9380 8288.
**REAL ESTATE**

**FEATURE CALENDAR**

**2015/2016**

**August 2015**

**Property Report Annual**

AUGUST 1-2

Incorporating Apartment Living

The latest market statistics from REIWA are showcased in this report.

**Land Report Editorial/Advertorial**

AUGUST 22-23

The Land Report offers detailed information about WA’s land market and future releases, looking at north and south metro regional areas.

**September 2015**

**Your Next Home Guide**

SEPTEMBER 5-6

This feature will appeal to anyone in the market for services linked to the acquisition of property.

**October 2015**

**Northern Focus**

OCTOBER 3-4

Focusing on properties in the northern corridor of WA.

**November 2015**

**Coastal Living**

NOVEMBER 14-15

Focusing on home and landbuyers along the WA coastline.

**December 2015**

**Luxury Homes**

DECEMBER 5-6

Focusing on luxury homes.

**February 2016**

**Property Report Quarterly**

FEBRUARY 6-7

The latest market statistics from REIWA are showcased in this report.

**March 2016**

**Land Report**

MARCH 5-6

The Land Report offers detailed information about WA’s land market and future releases, looking at north and south metro regional areas.

**April 2016**

**Country Properties**

APRIL 9-10

Focusing on country living in WA.

**May 2016**

**Property Report Quarterly**

MAY 7-8

The latest market statistics from REIWA are showcased in this report.

**June 2016**

**City Living**

JUNE 11-12

This feature will look at Perth inner city living.

**Don’t Delay –**

For further information contact your Real Estate sales executive at The West Australian today.

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**Georgie Gullotti**

Real Estate – City and Western Suburbs

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**Jackie Calladine**

Real Estate – Sales Support

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* Features are subject to change