



REI ACT

REAL ESTATE INSTITUTE
OF THE AUSTRALIAN CAPITAL TERRITORY

July 2017

Leaky Buckets Draining your business?

Say goodbye to the frantic monthly money juggle — look into your business buckets and learn how to keep staff, suppliers and the tax man happy.

PAGE 18

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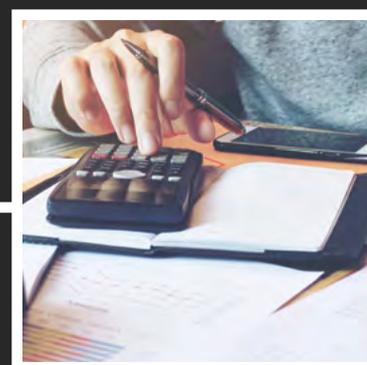
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FROM THE *President*

Hi. I am delighted to be elected as your President for the coming year. I would like to personally thank outgoing President, Frank Pompeani for the great effort and workload he took on during his term. Frank will be welcomed back to our Board as the immediate past President and we look forward to his important input.

I also would like to add my “thank you” to Ron Bell for a job well done. Ron was instrumental in forging some excellent relationships for the REIACT not only with our major corporate sponsors and Government but also with our growing membership base.

We welcome Michelle Tynan into her new position as CEO. Michelle has been acting in the role of General Manager since Ron’s retirement in March. As Manager of the Institute for the past 4 years, and with her administration and financial background, it made the decision very easy for the Executive. Please make sure you pop in at some stage for a catch-up with her. Both Michelle and Craig Bright will be representing the ACT at the National level and you can be assured that our interests are in good hands.

We held our first meeting of the new board last week and we have restructured a longer agenda than in the past, allowing time for more discussion on our Strategic Plan and policy items. Our new board members are being encouraged to get actively involved with both existing and new members and we will be implementing

REIACT Breakfasts shortly to improve our rapport with members and have open discussions on areas of concern to members, the public, the Government and the Institute.

Canberra is experiencing excellent auction clearance rates, comparable with both Sydney and Melbourne, it’s very pleasing to see this method of sale gain popularity. Auction training is very important, whether it be through the REIACT or your franchise group to just keep abreast of current trends and regulatory requirements. REIACT’s own Auction Club is now having frequent, informal meetings to discuss these changes amongst other things. If you would like to join the group, be it as a novice Auctioneer or an experienced agent, just contact the Institute for details.

The market at the moment is trending along the normal winter direction, being a little bit quieter, but with less stock available there is still some pressure on both sales and rentals.

The census data has finally made it’s way out of the ABS computer network and shows some interesting data for the ACT. Canberra borrowers have the second highest mortgage payments in Australia just \$100 less than Sydney at \$2,100 per month. To compensate though Canberra has the highest median income level at \$998 per week compared to NSW at a modest \$664.

RIGHT NOW is also the time to think about the Annual REIACT Awards for and Excellence and the REIACT Auctioneering Championships. I would like to encourage you and your staff to enter this years’ Awards as it is a fabulous way to reward and recognise your team.

Other benefits are:

- Industry and consumer recognition for your Brand
- The exclusive use of the REIACT Winner Logo for 12 months in all your advertising
- Pathway to REIA National Awards for Excellence

Don’t delay as closing dates for nominations are:

- Nominations for the Auctioneer of the Year close on **20th July 2017**
- Nominations for the Awards for Excellence close on **21st July 2017**

[Click here](#) for your Awards for Excellence Nomination Prospectus.

[Click here](#) for your Auctioneer of the Year Nomination Prospectus.

The 2017 REIACT Awards for Excellence Gala Dinner will be held on Saturday 16th September 2017 at the QT Hotel. To book your table [click here](#) to download the booking form and return to reception@reia.com.au.

Michael Kumm
REIACT President



FROM THE *CEO*

Well the last three months has certainly flown by with my main focus planning and charting the course of the REIACT for the next 12 months. REIACT Board elections were held in May and the 2017-2018 REIACT Board has a new look:

President	Michael Kumm
Deputy President	Stan Platis
Treasurer	Scott Hammond
Director	Craig Bright (REIA Board Director)
Director	Chris Wilson
Director	Tom Ellis
Director	Sandra Masters
Director	Hannah Gill
Director	Frank Pompeani
Director	Stephanie Lynch



MICHELLE TYNAN

I look forward to working with the Board to continue to represent our members through advocacy and lobbying on both local and national matters.

The industry will face some interesting challenges of the next 12 months:

- The Affordable Housing Debate
- Changes to Negative Gearing — what does that mean for investors
- Changes of the Foreign resident capital gains withholding tax
- Changes to the ACT Residential Tenancies Act

Do we define Affordable Housing only to those looking to get into the housing market, or is it a much bigger picture also encompassing rental accommodation? Will the increase in land tax now affect the price of rents in Canberra? With interest rates still at lowest point for some time, surely more can be done to help those trying to achieve the great Aussie dream of owning your own home.

Figures released in the REIA Market Facts for March 2017, show the last 12 months has seen the median house price in Canberra increase from \$570,000 in March 2016 to \$594,500 in March 2017, an increase of 4.3% over this period. The median rent price for a 3 bedroom home has increased from \$450-00 to \$470-00 during this same period.

THE INDUSTRY WILL FACE SOME INTERESTING CHALLENGES OF THE NEXT TWELVE MONTHS

The Federal Government announced its changes to the Negative Gearing. Whilst some aspects of negative gearing remain available to landlords, rules are being tightened around what can be claimed, specifically related to travel expenses and depreciation deductions.

CHANGES TO THE RESIDENTIAL TENANCIES ACT

The 'first round' of changes to the Residential Tenancies Act will take effect on 24 August 2017.

The REIACT and ACT Government are currently in discussions to ensure the industry is delivered adequate education forums and fact sheets which will ensure all property management staff will be aware of the new legislation.

WHAT'S ON *at REIACT*

NEW *members*

27TH JULY 2017 — REIACT & API STATE OF THE MARKET BREAKFAST

Canberra, Are We At The Start Of An
Infrastructure Led Boom? —

[Click here to register](#)

Venue National Gallery of Australia

Time 7-00am — 9-30am

**CPD
Points** 2 x category 2

2017 REIACT AWARDS FOR EXCELLENCE — NOMINATIONS NOW OPEN

2017 Awards for Excellence
nominations are now open, for a full list
of Awards [click here](#) for a Nomination
Prospectus. Submissions this year will
be an online format, full instructions are
in the prospectus.

The Awards are an opportunity
for the profession to celebrate its
achievements and recognise the most
outstanding practitioners at a state and
national level. **Make the most of your
success and nominate today.**

The 2017 REIACT Awards for Excellence
Gala Dinner will be held on Saturday
16th September 2017 at the QT Hotel,
tickets on sale soon.

2017 REIACT AUCTIONEERING CHAMPIONSHIPS — NOMINATIONS NOW OPEN

2017 REIACT Auctioneering
Championships nominations
are now open, [click here](#) for a
Nomination Prospectus.

The Championships will be held on
Thursday 3rd August 2017 at the QT
Hotel Canberra.

2017 Categories:

- **Auctioneer of the Year**
- **Novice Auction of the Year**
(Open to both members and
non-members)
- **Auctioneer Franchise of the Year**

2017 will also see the return of
the **ALLHOMES PEOPLE'S CHOICE
AWARD**, voted by the public.

Get your nomination in now
— nominations close on
Thursday 20th July 2017.



WHOLISTIC PROPERTY SOLUTIONS

7A/20 Challis Street
Dickson
02 6241 3089
wholisticpropertyolutions.com.au



LANDBANC RESIDENTIAL

Level 1/29 Jardine Street
Kingston
02 5105 3330
landbancreidential.com.au

TRAINING

Our latest training calendar is now available with a wide range of seminars and
events for all aspects of real estate.

July CBD Training:

14th July 2017 Full CPD — Property Management
[Click here to register](#)

REIACT Training will continue to provide all you CPD, Certificate of Registration
and Licensing courses throughout the 2017 — 2018 year [click here](#) for the
REIACT Events and Training Calendar.

THERE'S MORE BENEFITS



CURRENT SUITE – REI FORMS LIVE REIACT

PROPERTY MANAGEMENT

- APPLICATION FOR TENANCY
- PROPERTY CONDITION REPORT
- MANAGEMENT AGREEMENT
- ROUTINE INSPECTION REPORT
- TENANCY AGREEMENT

RESIDENTIAL SALES

- SALES AGENCY AGREEMENT
- LETTER TO SOLICITOR NOTIFYING SALE – INCLUDES SALES ADVICE
- LETTER TO BUYERS SOLICITOR NOTIFYING SALE – INCLUDES SALES ADVICE
- AUTHORITY TO EXCHANGE CONTRACTS WITH A COOLING OFF PERIOD
- AUTHORITY TO EXCHANGE CONTRACTS WITHOUT A COOLING OFF PERIOD
- AUTHORITY TO EXCHANGE AT AUCTION OR AFTER AUCTION ON THE SAME DAY

PACKAGE PRICING PER ANNUM

Small Office	1-6 users	\$499
Medium Office	7-10 users	\$699
Large Office	11-15 users	\$999
Unlimited	16+	\$1299

ACCESS TO REI FORMS LIVE REINSW – THESE ARE AVAILABLE ON A PAY PER FORM BASIS TO REIACT INSTITUTE MEMBERS.

REIACT WILL COME TO YOUR BUSINESS TO DEMONSTRATE REI FORMS LIVE

2017 REI ACT AUCTIONEERING CHAMPIONSHIPS

Thursday 3rd August 2017
QT Canberra

**CLICK HERE FOR THE
NOMINATION PROSPECTUS**

2017 AWARDS for EXCELLENCE

16 September 2017
QT Canberra
7.00pm

**CLICK HERE FOR THE
NOMINATION PROSPECTUS**

allhomes

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BAL
LAWYERS

 **st.george**

CORPORATE SPONSORS

BOOKING FORM

Please complete this form and attach payment to confirm your booking for the 2017 REIACT Awards for Excellence

CONTACT DETAILS

First Name _____ Surname _____

Company Name _____

Address _____

Suburb _____ State _____ Postcode _____

Telephone _____ Email _____

Dietary requirements _____

PAYMENT DETAILS

Please select from the options below

\$175.00 (incl GST) per person Quantity required _____

\$1,650.00 (incl GST) table of ten (please attach attendee) Quantity required _____

Payment amount \$ _____

Charge my credit card MasterCard Visa

Card Number _____ CCV _____ Expiry Date _____

Cardholder's Name _____

Signature _____

BOOKINGS

Return form and payment no later than Friday 8 September 2017

Email to: reception@reifact.com.au

Inquiries: Rebecca Elton on 02 6282 4544 or email to reception@reifact.com.au

Please note bookings will not be confirmed unless payment credit card details are completed.



REI ACT

REAL ESTATE INSTITUTE
OF THE AUSTRALIAN CAPITAL TERRITORY
ABN: 67 008 553 277

MEDIA RELEASE

Time to move ahead or be left behind: REIA ACTION PLAN FOR PROFESSIONALISM

After months of planning, real estate industry leaders have gathered together to action plans for professionalisation with the Real Estate Institute of New South Wales leading the way for a National scheme run by The Real Estate Institute of Australia. REINSW President John Cunningham and a group of more than 60 real estate leaders from across the country have vowed to change the industry's image and ensure that there is a refocus on the property consumer's experience.

"Today is day one," Mr Cunningham said. "It is time to draw the line in the sand. The path to gain formal professional recognition is a long one, but there is no need to wait until the framework is in place, we can put the leadership, culture, attitudes and behaviours in place now."

After first identifying the need to reform the industry some years ago, first steps were taken at last year's REINSW Industry Summit where Professionalism was put under the microscope. In March an advisory group of leading agents was created to understand what was needed to move forward. "At the Property Professional Prelaunch Think Tank (12 July 2017) members of the industry were asked to make a choice: move ahead or be left behind," Mr Cunningham said.

"The response from the industry was overwhelmingly in favour of making a monumental change and to join other industries that have successfully achieved professional standing in Australia including accountants and lawyers. "After all," Mr Cunningham added, "we are being asked to provide advice on, and are given the keys to, people's most valuable asset and that requires at a minimum a professional level of advice and service. "We aim to set high barriers for entry into the profession. We want a career in real estate to be something that you aspire to and need to work hard to achieve," Mr Cunningham said.

An important part of the process will see changes to legislation around what is required to join the industry, the certificate of registration, the real estate license and to be the Licensee-In-Charge. Minister for Finance, Services and Property, Victor Dominello, who spoke at that the Think Tank, welcomed the changes and said that the new requirements will enable real estate agents to be ready to take the next step in their career and apply to becoming a professional.

"Hopefully we will see some historic reforms passing through parliament," Minister Dominello said.

"These changes will require a certificate holder to increase the number of units of competency completed from four units to seven, and be required to take a mandatory pathway to obtain a license. These agents will go from the current zero experience to 12 months' experience to apply for their license and a requirement of two years' experience will be introduced for the Licensee-In-Charge. "We are trying to put real estate on a path to professionalism. One thing professionalism provides is a level of customer assurance as a client," Minister Dominello said.

Mr Cunningham agreed. "It is time for the industry to take control and show consumers that they are the most important people in a property transaction and provide them with the skills, knowledge, experience and service that they not only demand but deserve."

According to Mr Cunningham the next stage in the process is extensive consultation with the industry followed by further consultation with the community throughout 2018 as part of the submission to the Professional Standards Authority regulatory agency. The process could be finalised by the end of 2019.

The Real Estate Institute of the ACT is a stakeholder in this process and is keen to see the initiative gain traction within our industry. For further information please call Michelle Tynan, CEO of the Real Estate Institute of the ACT'.

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AUSTRALIAN PROPERTY SELLERS *to now seek ATO clearance*

The latest property related developments in tax propose to tighten the deduction landscape for investors and require the majority of Australian property sellers to now seek ATO clearance.

The Government's 2017 Budget contained a number of new proposals that seek to address the budget deficit. In the crosshairs this year are rental property owners and foreign resident property investors. Whilst the focus on offshore investors is a welcome approach to ensuring tax is paid in Australia, the method proposed means that the majority of Australian property sellers will be required to take action to ensure they are not penalised.

The Government had previously implemented a foreign resident capital gains tax withholding of 10% which has applied to properties sold for greater than \$2 million. The changes have extended the withholding to properties greater than \$750,000 and increase the rate to 12.5%. The new threshold and rate applies from 1 July 2017. Under the law, a clearance certificate is required to be sought from the ATO for any property sales over \$750,000. The clearance certificate confirms the seller is a resident and removes the requirement to withhold. Generally, all impacted sellers will need to contact their accountant or their lawyer in order to obtain a certificate from the ATO. This will need to be done well in advance of settlements or sellers will be chasing the ATO for the 12.5% withheld from the sale.

IN THE CROSSHAIRS THIS YEAR ARE RENTAL PROPERTY OWNERS AND FOREIGN RESIDENT PROPERTY INVESTORS.

Even more brutal is the Government's proposed changes to deductible amounts for rental properties. From 2017 budget night, investors are no longer able to claim travel expenses associated with their investment properties, whether the travel is for an inspection or to complete necessary repairs. Investors will also be unable to claim depreciation on assets which they did not purchase themselves. This removes the current ability to claim depreciation on plant and equipment which is purchased as part of the purchase of a second hand property. As these changes are not yet legislated, it is unclear as to whether the impacts will stretch to new properties where the plant and equipment is purchased and installed by the builder rather than by the investor themselves. We will provide further guidance once the legislation has passed.

Michael Talevich

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THE ABSOLUTE BEGINNERS

guide to GST

As the next federal election looms, negative gearing and capital gains tax policy is topping the list of topics that will be hotly debated. Understand the implications of capital gains taxation with this primer from BDO partner and taxation expert Eddie Chung.

What is CGT?

Capital gains tax (CGT) may arise when you sell a CGT asset such as an investment property. Other CGT assets include a share portfolio or intangible assets such as goodwill or a contractual right.

Further, while the disposal of a CGT asset may trigger a CGT liability, there are other CGT events that do not necessarily involve the disposal of a CGT asset that will also give rise to CGT. For instance, if you surrender a right you own, create a trust over an asset, or destroy an asset that you own — those are also CGT events that could result in a capital gain or a capital loss.

There are assets that are exempt from CGT and these include motor vehicles or trading stocks. There are also instances where the capital gain derived or capital loss incurred is specifically disregarded, such as a CGT asset you acquired on or before 19 September 1985 or your main residence.

The sale of an investment property will trigger a CGT event but that does not always mean that a capital gain or a capital loss would arise. If the property is held on revenue account rather than capital account, then any gain you make from the sale of the property will effectively be taxed as income rather than a capital gain.

A property is held on revenue account if you acquired it with the intention of developing it for resale to realise a profit, whether that is on a one-off or a recurring basis. This is in contrast to buying property to derive rental income over the medium to longer term as a capital asset.

In more complicated situations, it is possible for a property to be bought as a capital asset but you subsequently change its purpose and convert it from being a capital asset to a revenue asset. Reciprocally, the opposite situation may also arise where you may convert a property from being a revenue asset to a capital asset.

Who is liable and which assets are subject to CGT?

If you are a tax resident of Australia, you are generally liable to Australian CGT on any CGT asset you own worldwide, eg, an investment property located overseas. This default position may be modified by any Double Tax Agreement (DTA) Australia may have with the country in which the CGT asset is located. It is possible that both countries may tax the same capital gain but Australia would generally allow you to offset any tax paid in the foreign jurisdiction as a Foreign Income Tax Offset to avoid double taxation.

If you are a non-resident or temporary resident for Australian tax purposes, you are only liable to Australian CGT on any Taxable Australian Property you own, which is usually limited to Australian real estate, shares or units in certain companies and trusts that predominantly own Australian real estate, and certain mining, quarrying, and prospecting rights in Australia. Assets that are not Taxable Australian Property owned by a non-resident or temporary resident are not caught by the Australian CGT rules.

How is capital gains tax calculated?

Capital gain

The capital gain on the sale of a property is generally calculated by subtracting the cost base of the property from the capital proceeds (usually the sale price) on the sale of the property. Therefore, the higher is the cost base of the property, the lower is the capital gain.

Some capital gains are eligible for the **CGT discount** while others are not (refer to CGT discount section in this article). All the capital gains that are eligible for the CGT discount in an income year are aggregated (aggregated discountable capital gains) and all the capital gains that are ineligible for the CGT discount are also aggregated (aggregated non-discountable capital gains).

Eddie Chung
Partner, BDO

If the relevant entity has carried forward or current year capital losses, it may choose to use the capital losses to reduce the aggregated discountable capital gains and/or aggregated non-discountable capital gains at its discretion. If the capital losses are applied against the aggregated discountable capital gains, the reduction must be applied against the aggregated discountable capital gains first before the CGT discount is applied to arrive at the aggregated discount capital gain.

Given this requirement, it is generally more tax beneficial to apply the capital losses against the aggregated non-discountable capital gains first before any remaining capital losses are applied against the aggregated discountable capital gains.

All the remaining aggregated discount capital gain and aggregated non-discountable capital gain are added together to arrive at the 'net capital gain'.

To calculate the CGT on the sale of an investment property, the net capital gain will need to be calculated, which is added to the taxable income of the entity that owns the property. The entity will then be subject to tax on its taxable income based on the tax rates that are applicable to the holding entity.

For instance, if you sell an investment property that you own as an individual, the net capital gain on the sale of the property is added to your taxable income, which is subject to tax at your marginal tax rates. If your investment property is owned by a company that is related to you, the net capital gain is added to the company's taxable income, which is subject at the corporate tax rate (generally 30% unless the company is a Small Business Entity).

To illustrate how these rules operate, consider the following example:

You as an individual sold two investment properties in the same income year. The capital gain on Property 1 that is eligible for the 50% CGT discount is \$400,000. The capital gain on Property 2 that is not eligible for any CGT discount is \$300,000.

You have carried forward capital losses of \$500,000 and also incurred a current year capital loss of \$50,000.

Your net capital gain will be calculated as follows:

Aggregated discountable capital gain = \$400,000

Aggregated non-discountable capital gain = \$300,000

*Total carried forward and current year capital losses =
\$500,000 + \$50,000 = \$550,000*

*Net capital gain = (\$300,000 - \$300,000 of total capital losses)
+ [(\$400,000 - \$250,000 of remaining total capital losses) x 50% discount]
= \$75,000*

The \$75,000 is added to your assessable income that is then reduced by any allowable deductions to which you may be entitled to arrive at your taxable income. Your tax liability for the year will then be calculated on the taxable income based on your marginal tax rates.

The cost base of a property includes a number of elements, which include the original purchase price of the property, the incidental costs on both the purchase and sale of the property (eg, stamp duty, legal costs, etc), capital expenditure to improve the property's value, and costs to preserve or defend your title to the property.

Further, provided that the property was acquired after 20 August 1991, certain costs (known as the 'third element' of the cost base) that would ordinarily be revenue in nature but have not been claimed as a tax deduction are also included in the cost base, including interest on money you borrowed to acquire the property, costs of maintaining, repairing, or insuring the property, rates or land tax, etc.

However, the cost base must be reduced by the cumulative capital works deduction amounts that you have claimed or have been entitled to claim if you acquired the property on or after 13 May 1997.

CGT discount

A capital gain may be reduced by half under the 50% CGT discount if the property has been held for at least 12 months by an individual or a trust. If the entity that owned the property is a complying superannuation fund, the CGT discount percentage is 33.33%. If the entity is a company, the CGT discount will not be available.

Before 8 May 2012, the CGT discount was available to both residents and non-residents of Australia for taxation purposes. However, the CGT discount is no longer available to individuals and beneficiaries of trusts who have been non-residents in respect of capital gains accrued on CGT assets on or after 8 May 2012.

If you are a non-resident and acquired an investment property in Australia on after 8 May 2012, you will not be eligible for the 50% CGT discount at all if you make a capital gain upon the sale of the property.



If you bought the property before 8 May 2012 and sell it after that date, you may elect to use the market value approach, ie, you may choose to apply the 50% CGT discount to any accrued capital gain on the property up to 8 May 2012 based on the market value of the property on that day and pay full CGT without the benefit of any CGT discount on any capital gain accrued from that point. If you do not choose this approach, you will not be eligible for the CGT discount on the entire capital gain.

Special apportionment rules apply if your tax residency status has changed during your ownership of the property to effectively remove the benefit of the CGT discount during the period(s) in which you were not a tax resident of Australia.

Indexation

Alternatively, instead of applying the CGT discount, you have the discretion to elect the 'indexation method' to reduce the capital gain you have derived. This method essentially allows you to increase the cost base of the property to account for movements in the consumer price index (CPI) since the property was originally purchased.

However, indexation has been frozen as at 30 September 1999, so regardless of when the property is actually sold, you may only index its cost base up to that date (the frozen CPI on 30 September 1999 is 68.7).

Capital loss

If the cost base of the property is equivalent to or exceeds the capital proceeds on sale, no CGT will arise.

If the capital proceeds fall somewhere between the cost base and the 'reduced cost base' of the property, no capital gain or capital loss will arise.

The reduced cost base of an asset differs from the cost base as follows:

- The reduced cost base does not include the third element of the cost base (refer to the paragraph under the heading 'Capital gain' above);
- The reduced cost base includes certain balancing adjustment amounts; and
- The reduced cost base cannot be indexed.

Similar to the cost base, the reduced cost base must also be reduced by the cumulative capital works deduction amounts that have been claimed or have been entitled to claim if the property was acquired on or after 13 May 1997.

However, if the reduced cost base exceeds the capital proceeds, the excess will be a capital loss, which will be available to offset against any current year capital gain or carried forward to offset any future capital gain.

More importantly, a capital loss can only be used to reduce a capital gain but can never be used to reduce other income that is not a capital gain.

Timing of CGT event

A capital gain is crystallised in the income year during which the relevant CGT event occurs, which is the time at which an obligation to sell an asset rises. This usually coincides with the point when the sale contract is executed by the parties. It would follow that the settlement date is not usually relevant when the sale of a property is effected by way of a written contract.

This is an important point to note, especially when you are selling your investment property close to the end of the income year. If you defer signing the sale contract with the purchaser until after 30 June, you may defer your CGT liability for 12 months.

Last words

CGT is generally straightforward in relation to the sale of a property but for specific exceptions and exemptions that may apply. To potentially minimise your CGT exposure, it is advisable that you consult your trusted property tax adviser before you sign any contract or enter into any transaction that may potentially give rise to CGT because once you have contractually committed yourself to a sale, it may not be easy to reduce or defer your CGT liability in relation to the sale.

Your life your fund



Braden Walters, REI Super member

Get some good advice

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*Past performance is no indication of future performance.

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The information provided does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REI Super advises that it has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Members should obtain and read the Product Disclosure Statement for REI Super before making any decisions. Please note that past performance is not a reliable indicator of future performance. REI Superannuation Fund Pty Ltd ABN 68 056 044, 770 AFSL 240569, RSE L 0000314, REI Super ABN 76 641 658 449, RSE R1000412 MySuper unique identifier 76641658449129. June 2017. REIS 52775



NEW TAX RULES *for properties \$750,000 and above*

From 1 July 2017, new tax rules will apply on any property transaction where the market value of the property is \$750,000 and above.

Although the new laws are aimed at foreign residents, real estate agents must be aware that these new laws also impact Australian residents selling properties above this value.

Summary

The new laws require a purchaser to withhold 12.5 per cent of the purchase price of real property valued at \$750,000 or more and to pay that amount to the Australian Taxation Office (ATO) on settlement unless the seller obtains a clearance certificate.

The new laws will start on 1 July 2017 and are aimed at vendors who are 'foreign persons'. However, it will impact all property transactions valued \$750,000 and over, irrespective of whether the vendor is a foreign person or not.

**ANY VENDOR
THAT IS NOT A
FOREIGN PERSON
CAN APPLY ONLINE
FOR A CLEARANCE
CERTIFICATE**

For any sale contract entered into on or after 1 July 2017 where the purchase price is \$750,000 or greater, the purchaser has a statutory obligation to withhold 12.5 per cent of the purchase price at settlement from the vendor and pay that amount to the ATO. Following settlement, the vendor applies for a tax credit in relation to the amount withheld by the ATO for the capital gains liability arising from the transaction.

This means that Australian resident vendors who are selling property with a market value of \$750,000 or above will need to apply for a clearance certificate from the ATO to ensure that their sale proceeds are not withheld.

How can your clients obtain a clearance certificate?

The ATO will only issue a clearance certificate to a vendor that is not a 'foreign person' for taxation purposes.

Any vendor that is not a foreign person can apply online for a clearance certificate from the ATO, and that certificate will remain valid for 12 months from the date of issue. The certificate may be used for multiple property sales within the 12-month period.

If a valid clearance certificate is provided to the purchaser prior to settlement, the purchaser is not entitled to withhold 12.5 per cent of the purchase price at settlement and the full sale proceeds are to be released to the vendor.

How do Australian residents obtain a clearance certificate?

A vendor who is an Australian resident can obtain a clearance certificate by making an application on ato.gov.au/FRWT_Certificate.aspx

If the vendor is automatically assessed as an Australian resident, a clearance certificate will be issued within days of the application however, the process may take longer for more complex applications.

When does the clearance certificate have to be given?

Australian resident vendors must give the clearance certificate to the purchaser on or before settlement occurs to avoid the withholding 12.5 per cent of the purchase price.

What if my client is a foreign person?

Where the vendor is a 'foreign person', the purchaser must retain 12.5 per cent of the purchase price and pay that to the ATO at settlement, unless the vendor provides a valid 'Variation Notice' in which case the purchaser must remit the amount stated in the notice.

When will the new laws apply?

The new laws will apply to sale contracts (for \$750,000 and above) entered into on or after 1 July 2017.



What types of properties do these rules apply to?

All property including, vacant land, residential property, commercial property, strata title and community titles schemes.

What does this mean for agents?

Australian resident vendor/s

- If you are appointed to sell a property and you consider its market value to be \$750,000 or more then you should advise your vendor to apply for a clearance certificate from the ATO as soon as practicable to avoid 12.5 per cent of the purchase price being withheld at settlement.

- If you are unsure about the ultimate purchase price but there is some prospect that it may sell for \$750,000 or above (for example, it is being sold at auction and the purchase price is unknown or it is being sold by expression of interest) you should advise your vendor to apply for a clearance certificate from the ATO as soon as practicable to avoid 12.5 per cent of the purchase price being withheld at settlement.

Foreign resident vendors

- If the purchase price is \$750,000 or above and the vendor is a foreign resident, you should advise them that 12.5 per cent of the purchase price will be withheld at settlement by the purchaser and provided to the ATO.

Where can I find more information?

You can find more information on the ATO website:

ato.gov.au/General/New-legislation/Latest-news-on-tax-law-and-policy/

DISCLAIMER: The information contained in this fact sheet is provided for general information purposes only. The information should not be used or relied on as a substitute for legal advice. If you require legal advice concerning a specific fact or situation, you should seek independent legal advice. REIACT accepts no liability or responsibility for any loss occurring as a result of anyone acting or refraining from acting on the basis of the information contained herein. Whilst REIACT has taken all reasonable measures to ensure that the information contained in this fact sheet is correct, REIACT gives no warranty and accepts no responsibility for the accuracy or the completeness of the information.

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DO YOU HAVE A HOUSE OR UNIT FOR SALE?

IF SO, THE ACT GOVERNMENT WOULD LIKE TO HEAR FROM YOU.

The Public Housing Renewal Taskforce is buying up to 350 residences as part of its program to renew Canberra's public housing.

If you have residential property (either completed or under construction) that you are interested in selling, you are invited to submit a proposal to the Taskforce.

Residences can be at any stage of development and in any configuration from separately titled dwellings and duplexes to multi-unit complexes of up to 30 units.

Benefits for developers and builders include:

- Early advice on Taskforce interest in your property
- Flexibility on settlement – early or delayed to suit you
- Significant savings on marketing and sales costs
- One -only inspection at a time to suit you.

MORE INFORMATION

Property consultant Mark Terracini can provide more information on this Expression of Interest process, as well as practical help with completing the necessary documents.

Call Mark Terracini on 0412 766 663 to discuss your property and how the EOI process works.

You can also **register** your details to receive the Expression of Interest documentation.

Visit www.tenders.act.gov.au and enter the tender number HR2016.30.01

THIS INVITATION FOR PROPOSALS IS OPEN UNTIL 27 SEPTEMBER 2018 OR UNTIL THE TASKFORCE HAS ALL THE PROPERTIES REQUIRED.

Produced by the Chief Minister, Treasury and Economic Development Directorate

LEAKY BUCKETS

draining your business?

Say goodbye to the frantic monthly money juggle — look into your business buckets and learn how to keep staff, suppliers and the tax man happy.



Tracey Loubser

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In real estate — perhaps more dramatically than other businesses — the buck stops with you, the licensee. And you know only too well how the money side of things no longer just sorts itself out somehow.

These times are more likely to see you constantly hanging on by your fingernails, waiting for money to come in while trying to work out whom to pay first — staff, suppliers or the tax man. Wages are due, but you're waiting for settlements. GST needs paying, but property management commissions aren't transferred yet. And the overdue ATO account stresses you out as it builds up and up every month, no matter how hard you try to pay it down.

If you'd like to see an end to the monthly money drama, I have some suggestions.

Financial Clarity in Buckets

The key to running your business smoothly and profitably on a consistent basis lies first in separating out its distinct categories. Residential sales, commercial sales, property management and admin costs are what I call the 'buckets' of your business.

Each bucket must have — and be seen to have — its own inflow and outflow.

Separating them out shows how much is going into and out of each bucket. It also helps as a reminder that the admin costs bucket needs to be supported by inflow (profits) from the other buckets.

For example:

- How much does the property management bucket make after paying:
 - related staff wages
 - a portion of advertising
 - PM motor vehicle costs
 - franchise fees due on rental commissions?
- How much does the sales bucket earn on an average number of sales, after paying:
 - memberships/advertising costs
 - franchise fees
 - commissions
 - any other flyers/banners or other related costs?
- What does it cost to run the admin side of the business:
 - support staff
 - insurances
 - bookkeeping costs and the like?

Overspending doesn't have to happen if you can identify and track early on any area's excessive outflow. Noticing how other buckets may be perilously propping it up, you can take timely action to rebalance your buckets.

Leaky Buckets Make for Leaky Bank Accounts

An unprofitable area — a 'leaky bucket' — is even more serious than overspending. Why? Because in spite of its low-to-zero inflow (profit), that unprofitable area still attracts its own related bank outflows. And the effect on the bank account can be dire.

The times may be challenging, but you absolutely don't need to find yourself scrounging and scrabbling to deal with GST and PAYG withholdings from salaried staff — not to mention tax office demands for settlement of businesses tax debts and PAYG installments.

No less than a farmer or a plumber, a real estate licensee needs to fully understand where and how the 'water' is flowing at any given time, how it might be leaking in destructive ways, and what can realistically be done about it.

Take the following steps to know the truth about how much money each distinct area of your business is making — and how much it actually needs.

Identify the average monthly amount of profit made by property management.

Identify how much money is needed to support the admin side of your business — support staff, insurances, bookkeeping, rent etc. (Remember to account for your own wage.)

Does the money made from property management cover this? If not, exactly what is the shortfall?

Facing the reality of a shortfall may not be comfortable. But you need to be aware of exactly what net dollar value sales commission (residential/ commercial) would cover the shortfall — because that is precisely the amount you need just to make ends meet. To ensure your desired profit, you will need to consider how much to boost that figure.

If the situation looks unsustainable, then you will need to either cut costs or find a way to ensure you consistently earn that dollar value sales commission.

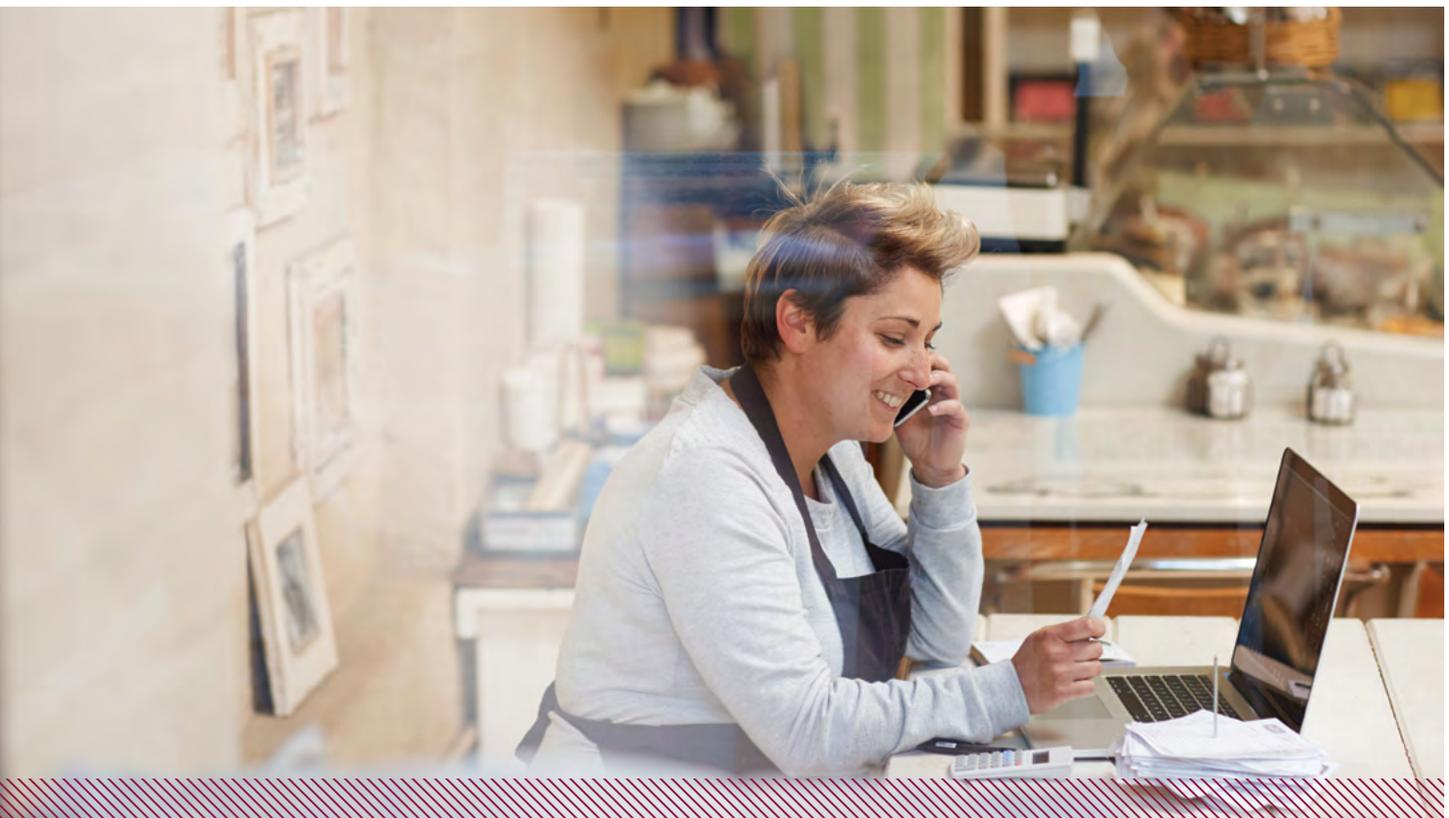
**OVERSPENDING
DOESN'T HAVE
TO HAPPEN
IF YOU CAN
IDENTIFY AND
TRACK EARLY ON**

Clarity gives you Power

With the figures clearly visible, you can determine your flexibility regarding percentage or flat rate commissions you quote for prospective residential/ commercial property sales listings.

It may be better to quote lower if you want to secure a listing, rather than miss out on it and continue to struggle financially.

Here's to your freedom from the cycle of scrounging and overspending!



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METH: RUINING LIVES *and properties*

It goes without saying that when you are hired to market a property, you will find out as much as you can about it to ensure you can find a buyer or a tenant — whether that is information about the house's design and construction, an understanding of its location and potential price or insider knowledge about the neighbourhood.

One thing that might not be considered is whether the house has been used for illegal activities and whether these activities have had a lasting impact on the property. Attention to these factors has become important recently with the rise in the creation and consumption of a drug called methamphetamine, which has almost tripled since 2011.

Methamphetamine (also called ice or meth) is a highly addictive drug that is made or 'cooked' inside properties, which leads to contamination. This contamination has considerable consequences for any current and prospective inhabitants, as well as the condition of the property itself. For example, in 2016 the Courier Mail reported that a family who had purchased a house in rural Victoria had discovered their six year old son had the same levels of methamphetamine in his body as an adult drug abuser, just by living in the house. The family sued the local council for not disclosing the activities.

The chemical fumes that are a by-product of the drug seep into plaster, paint, carpet, the walls, furnishings and the floor, and it is very difficult to remediate — properly decontaminating the house can require completely gutting a property to a shell and in some cases it can be cheaper to demolish. In New Zealand, meth contamination has become such a problem that home insurers like IAG have recently increased premiums and excess levels.

WHAT DOES THIS MEAN FOR YOU?

All agents need to be aware of what kind of property they are marketing and whether they need to disclose that some kind of illegal activity — such as meth cooking — has taken place in the property.

A failure to disclose methamphetamine contamination may result in an agent being liable for misleading or deceptive conduct. Indeed, in 2016 in New Zealand a family sued an agent who sold them a meth contaminated house. It is likely that methamphetamine contaminated houses will be seen as 'stigmatized properties' — if an agent sells such a property without disclosure they may be open to large fines.

Finding out that a house is being used for illegal activities is likely to be difficult.



Written by
**Laura Scotton and
Alexandra Norris**

Some signs of meth contamination can include burns, rust in unusual places like doors and windows, strange smells and stains, and yellowed walls. It may also be prudent to include a section regarding awareness of illegal activities on a client questionnaire when you are first engaged. It may then be necessary to make further enquiries to ensure no misrepresentations are made.

It is clear that smoking meth ruins lives, but the cooking of meth ruins houses.

If you are concerned about what you should or should not disclose, please contact our office for advice.

Julia Corderoy, "Methamphetamine use is on the rise and contamination in the home is serious", News.com.au, 14 November 2016 <<http://www.news.com.au/finance/real-estate/buying/methamphetamine-use-is-on-the-rise-and-contamination-in-the-home-is-serious/news-story/5f76616f37d8e0be7deabbc1c8a6aa44>>

Kathryn Powley, "Family's nightmare move into a former ice drug lab", The Courier Mail, 12 June 2016 <<http://www.couriermail.com.au/news/sixyearold-boy-found-with-methamphetamine-in-his-system-after-moving-into-house-formerly-used-as-ice-drug-lab/news-story/6b73b5f75116e3a6b740277289c7635e>>

Tamsyn Parker, "Meth houses drive up home owners' insurance costs", Weekend Herald, 11 March 2017 <<https://www.pressreader.com/new-zealand/weekend-herald/20170311/282793536208052>>

Deidre Mussen, "Kapiti family homeless after buying meth-contaminated house in Waikanae", The Dominion Post, 21 March 2016 <<http://www.stuff.co.nz/dominion-post/news/78054012/Kapiti-family-homeless-after-buying-meth-contaminated-house-in-Waikanae>>

Powley, "Family's nightmare move into a former ice drug lab", The Courier Mail, 12 June 2016 <<http://www.couriermail.com.au/news/sixyearold-boy-found-with-methamphetamine-in-his-system-after-moving-into-house-formerly-used-as-ice-drug-lab/news-story/6b73b5f75116e3a6b740277289c7635e>>

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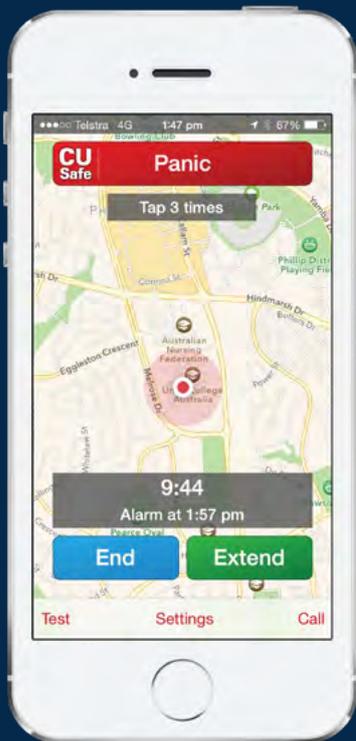
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Real Estate Market Facts

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

Rises in property prices limited to Melbourne, Sydney and Darwin

In the March quarter 2017, median prices increased in the Australian residential property market. The weighted average capital city median price increased by 2.9% for houses and 2.5% for other dwellings.

The weighted average median house price for the eight capital cities is now \$763,892. Over the quarter, the median house price increased in Melbourne, Sydney and Darwin. Over the 12 months to the March quarter, the weighted average capital city median house price has increased by 12.1%.

At \$1,167,127, Sydney's median house price is the highest among the capital cities. At \$410,000, Hobart retains the lowest median house price across Australian capital cities, 46.3% lower than the national average.

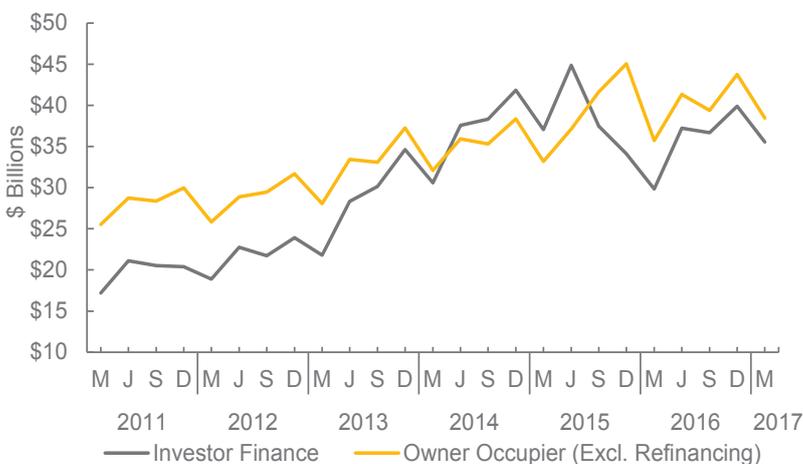
In the March quarter 2017, the weighted average median price for other dwellings for the eight capital cities was \$587,290, a quarterly increase of 2.5%. Over the quarter, the median price for other dwellings increased in Melbourne, Sydney, Hobart, Perth and Canberra. Over the 12 months to the March quarter, the weighted average capital city median price for other dwellings increased by 7.9%.

Over the March quarter, the median rent for three-bedroom houses increased in all capital cities except in Perth and Darwin. In the 12 months to the March quarter, the median rent increased in all capital cities except Perth and Darwin.

During the quarter, the median rent for two-bedroom other dwellings increased in Sydney, Brisbane, Adelaide, Hobart and Canberra, remained steady in Melbourne and Perth and decreased in Darwin. In the 12 months to the March quarter, the median rent for two-bedroom other dwellings increased in all capital cities except Perth and Darwin.

As illustrated in Chart 1, both investor finance and owner occupier finance decreased over the March quarter, by 10.9% and 12.1% respectively.

Chart 1: Housing Finance Trend Data



Fast facts

March quarter 2017

\$763,892

Quarterly Australian weighted
median house price

\$587,290

Quarterly Australian weighted
median other dwellings price

Median house prices up

Melbourne 7.6% to \$826,000
Sydney 3.4% to \$1,167,127
Darwin 2.7% to \$530,000

Median house prices down

Canberra 4.9% to \$594,500
Hobart 4.7% to 410,000
Perth 2.8% to \$510,500
Brisbane 1.9% to \$505,000
Adelaide 1.3% to \$444,000

Median other dwelling prices up

Melbourne 3.8% to \$583,000
Sydney 3.1% to \$741,789
Hobart 2.3% to \$309,000
Perth 1.7% to \$419,000
Canberra 0.2% to \$426,000

Median other dwelling stable

Adelaide at \$335,000

Median other dwelling prices down

Brisbane 2.0% to \$801,875
Darwin 10.4% to \$430,000

Vacancy rates

Sydney 1.9%
Melbourne 2.3%
Brisbane 3.0%
Adelaide n/a
Perth 6.5%
Hobart 1.7%
Darwin 7.1%
Canberra 1.7%

Sales market at a glance

The key features of the market for houses in the March quarter 2017 are:

- The Australian weighted average median house price of \$763,892, 2.9% higher than the previous quarter, compared with a decrease of 1.5% in the same quarter last year.
- Over the quarter, the median house price only increased in Sydney, Melbourne and Darwin.
- In the 12 months to the March quarter, the weighted average capital city median house price increased by 12.1%, compared with an annual increase of 3.6% in the corresponding quarter of the previous year.

Chart 2: Australian weighted average median house price (\$'000)

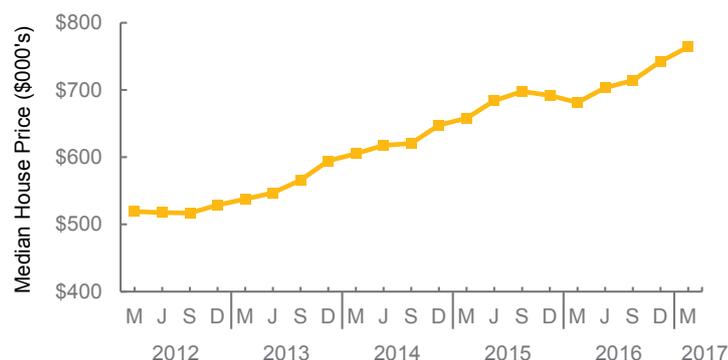


Table 1 Median house sales (\$'000)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Cap City
Mar Quarter 2017	1,167.1	826.0	505.0	444.0	510.5	594.5	410.0	530.0	763.9
Dec Quarter 2016	1,129.1	768.0	515.0	450.0	525.0	625.0	430.0	516.3	742.6
Quarter % Change	3.4%	7.6%	-1.9%	-1.3%	-2.8%	-4.9%	-4.7%	2.7%	2.9%

Table 2: Moving annual median house sales (\$'000)

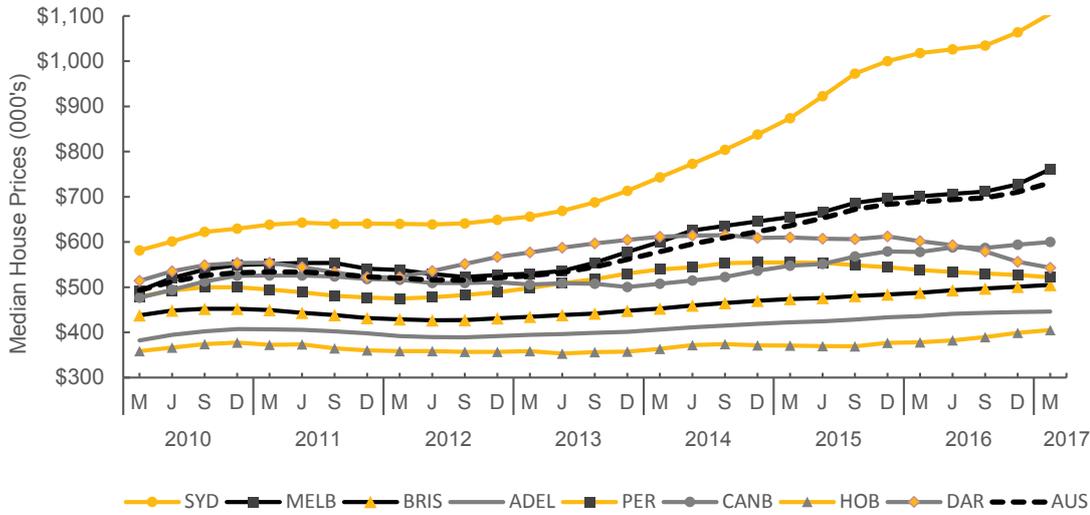
		Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Australia
2014	Mar	742.8	600.1	452.9	406.3	539.3	507.5	363.6	611.8	578.2
	Jun	772.9	625.5	459.2	411.3	544.3	515.0	371.8	613.9	595.9
	Sep	804.1	635.5	465.0	415.0	553.0	522.5	373.8	615.2	609.6
	Dec	837.8	645.6	470.1	418.8	554.5	536.1	371.3	608.9	622.9
2015	Mar	873.5	654.8	473.9	422.1	554.5	547.6	370.6	610.2	636.0
	Jun	922.6	666.3	475.9	424.6	554.3	551.4	369.8	607.5	652.6
	Sep	972.2	686.4	480.1	428.4	548.5	567.9	369.0	606.4	671.9
	Dec	1,000.3	696.1	483.9	433.1	544.0	579.3	377.0	612.1	682.9
2016	Mar	1,017.9	701.1	487.4	436.0	537.8	578.1	377.6	601.5	688.8
	Jun	1,026.4	706.5	492.9	441.0	533.5	588.1	382.3	593.0	693.6
	Sep	1,034.5	711.3	497.3	443.5	530.5	586.6	389.3	579.1	697.7
	Dec	1,063.7	727.5	501.0	445.0	526.8	593.9	398.8	556.2	710.3
2017	Mar	1,105.0	761.0	505.0	446.0	521.9	599.9	405.0	543.1	730.9

Brisbane, Hobart, Darwin median prices are not revised. For Sydney, Melbourne, Adelaide, Canberra and Perth where current quarter estimates are based on a high (75%-90%) sample of final sales current quarter estimates are compared with the revised estimates in previous quarters.

1. Sydney median price series adjusted for compositional change.

2. Perth data excludes properties on lots larger than 1ha, which represent approximately 1.5% of sales, all above the Perth overall median.

Chart 3: Moving annual median house prices (\$'000)



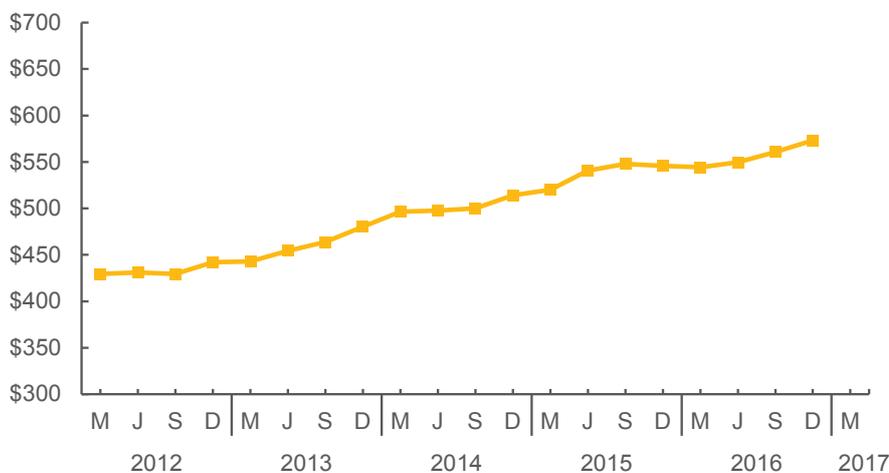
1. Sydney moving annual median price series adjusted for compositional change.
 2. Brisbane moving annual median price is based on preliminary data from September 2006 onwards, causing the data to be revised slightly downwards from previous publications.

Other dwellings sales

The key features of the market for other dwellings in the March quarter are:

- The weighted average median price for other dwellings for the eight capital cities was \$587,290, 2.5% higher than the previous quarter.
- The median price increased in Sydney, Melbourne, Perth, Canberra and Hobart, remained steady in Adelaide and, decreased in Brisbane and Darwin.
- In the 12 months to the March quarter, the weighted average eight capital cities median price for other dwellings increased by 7.9%.
- The median price increased in Sydney, Melbourne, Adelaide, Canberra and Hobart and decreased in Brisbane, Perth and Darwin.

Chart 4: Australian weighted average median other dwelling prices (\$'000)



Other dwellings sales at a glance

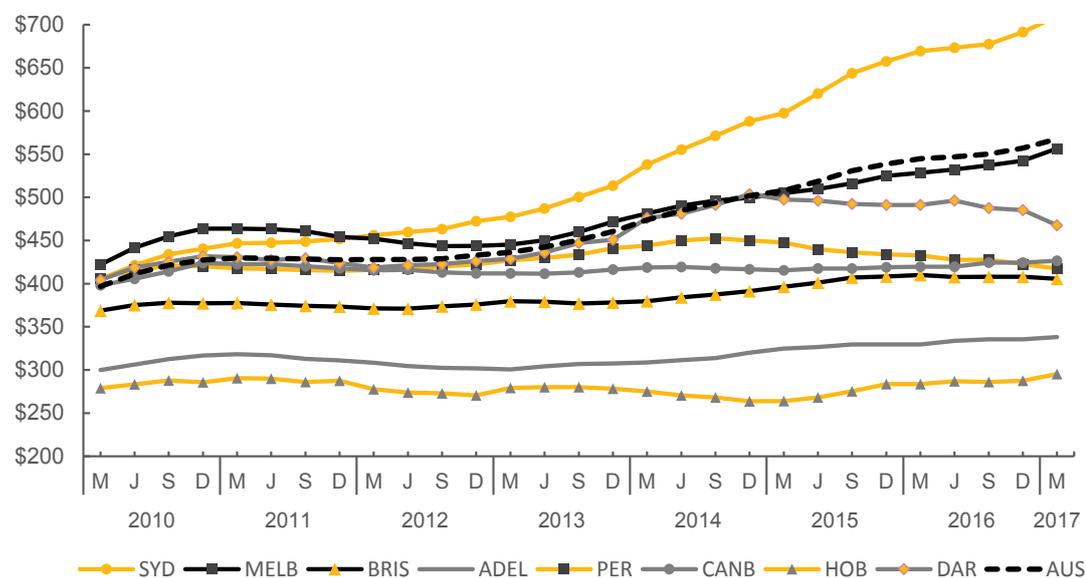
Table 3: Median other dwellings sales (\$'000)

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Cap City
Mar Quarter 2017	741.8	583.0	401.9	335.0	419.0	426.0	309.0	430.0	587.3
Dec Quarter 2016	719.7	561.5	410.0	335.0	412.0	425.0	302.0	480.0	573.0
Quarter % Change	3.1%	3.8%	-2.0%	0.0%	1.7%	0.2%	2.3%	-10.4%	2.5%

Table 4: Moving annual median other dwellings sales (\$'000)

		Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Australia
2014	Mar	537.8	481.3	379.5	308.8	444.1	418.7	275.1	475.8	473.7
	Jun	555.3	490.3	384.3	311.3	450.0	419.2	270.5	481.1	484.6
	Sep	571.3	496.3	387.5	313.8	452.5	417.9	268.1	491.3	493.6
	Dec	588.0	499.4	391.2	320.0	450.0	416.7	263.8	503.7	502.0
2015	Mar	597.4	504.8	396.2	324.8	447.5	415.4	263.9	497.5	507.9
	Jun	620.2	509.8	401.1	326.6	440.0	417.6	268.2	496.2	518.7
	Sep	643.8	516.1	407.1	329.5	436.3	417.6	275.3	492.4	530.7
	Dec	657.4	524.8	408.4	329.5	434.0	418.9	283.6	491.1	538.6
2016	Mar	669.5	528.3	410.0	329.7	432.8	419.5	283.7	491.1	544.7
	Jun	673.2	532.3	407.6	333.7	427.8	419.4	287.0	496.2	546.9
	Sep	677.4	537.0	407.9	335.6	427.8	424.4	286.0	487.6	550.1
	Dec	691.6	542.5	407.9	335.6	421.8	424.4	287.6	485.1	556.9
2017	Mar	709.7	556.5	405.5	338.1	417.8	426.5	295.4	467.6	567.7

Chart 5: Moving annual median prices other dwellings (\$'000)



Sydney moving annual median price series adjusted for compositional change.

Brisbane moving annual median price is based on preliminary data from September 2006 onwards, requiring the data to be revised downwards from previous publications.

Rents and vacancy rates at a glance

Rents

Over the March quarter, the median rent for three-bedroom houses increased in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Canberra. It decreased in Perth and Darwin. In the 12 months to the March quarter, median rents increased in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Canberra. It decreased in Perth and Darwin. The largest increase of 5.7% was in Hobart. The largest decrease of 7.6% was in Darwin.

During the quarter, the median rent for two-bedroom other dwellings increased in Sydney, Brisbane, Adelaide, Hobart and Canberra. It remained

steady in Melbourne and Perth and, decreased in Darwin.

In the 12 months to the March quarter 2017, median rents increased in Sydney, Melbourne, Brisbane, Adelaide, Hobart and Canberra but decreased in Perth and Darwin. The largest increase of 7.5% was in Hobart. The largest decrease of 10.5% was in Perth.

Table 5: Median weekly rents

Capital City	3 Bedroom Houses			2 Bedroom Other Dwellings		
	Quarterly Median \$/week	Quarterly % Change	Annual % Change	Quarterly Median \$/week	Quarterly % Change	Annual % Change
Sydney	490.0	2.1%	2.1%	540.0	1.9%	3.8%
Melbourne	390.0	1.3%	2.7%	420.0	0.0%	5.3%
Brisbane	390.0	2.6%	1.3%	395.0	2.6%	1.3%
Adelaide	350.0	2.9%	2.9%	295.0	1.7%	1.7%
Perth	370.0	-2.6%	-7.5%	340.0	0.0%	-10.5%
Hobart	370.0	5.7%	5.7%	300.0	0.7%	3.4%
Darwin	494.0	-3.0%	-7.6%	375.0	-2.1%	-7.5%
Canberra	470.0	2.2%	4.4%	430.0	7.5%	7.5%

Vacancy rates

A comparison of the rental data in Table 5 with the corresponding vacancy rate information in Table 6 usually provides an indication of the relationship (generally expected to be inverse) between movements in median rental values and movements in vacancy rates.

An industry benchmark vacancy rate is considered to be a value of 3.0%. Vacancy rates lower than 3.0% indicate strong demand for rental accommodation, whilst rates higher than 3.0% are generally considered to reflect an oversupply of rental accommodation.

The vacancy rate in the March quarter ranged from a high of 7.1% in Darwin to a low of 1.7% in Canberra which had the tightest rental market for the quarter.

Over the March quarter, the vacancy rate decreased in most capital cities (Melbourne, Hobart, Darwin and Canberra). It remained steady in Sydney and Brisbane and increased in Perth.

The weighted average vacancy rate for the eight capital cities remained steady on 2.9% during the March quarter, the same as the last quarter and the corresponding quarter in the previous year.

Chart 6: Weighted average quarterly vacancy rate

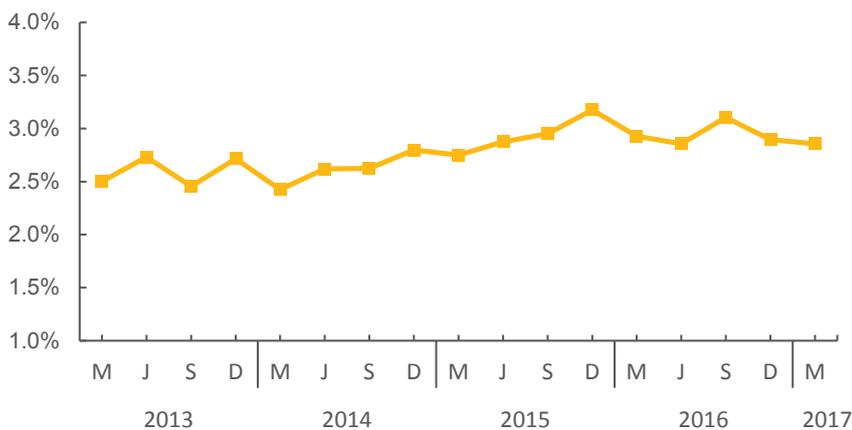


Table 6: Vacancy Rates (all rented dwellings)

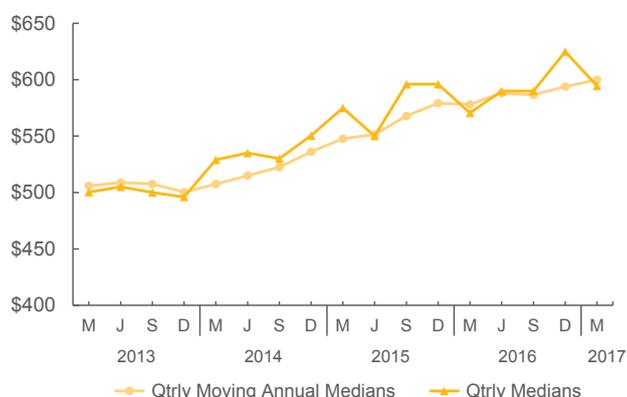
Capital City	Vacancy rates			Moving annual vacancy rates		
	Quarterly %	Quarterly Change (ppts)	Annual Change (ppts)	(Trend) Vacancy Rate %	Quarterly Change (ppts)	Annual Change (ppts)
Sydney	1.9%	0.0	0.2	1.9%	0.0	-0.1
Melbourne	2.3%	-0.1	-0.8	2.5%	0.0	-0.5
Brisbane	3.0%	0.0	0.0	3.2%	0.0	0.3
Adelaide	n/a	n/a	n/a	n/a	n/a	n/a
Perth	6.5%	0.1	0.1	6.4%	0.2	0.9
Hobart	2.3%	-0.1	-0.4	2.4%	0.0	-0.5
Darwin	7.1%	-0.7	-1.6	7.0%	-0.4	-1.0
Canberra	1.7%	-0.5	-0.1	1.9%	0.0	-1.1

Source: REI surveys of Real Estate Agent Property Managers.

Note: For Sydney, Brisbane, Darwin, Adelaide, Melbourne and Canberra, vacancy rates are measured at the close of the quarter. For Hobart and Perth an average vacancy rate over the quarter is used. Vacancy rates are only broad indicators of the "true" vacancy rates at any particular point in time. The vacancy rates are aggregate values across all rented properties (no distinction is made between specific vacancy rates for houses and other dwellings), and these very broad indicators are compared with median rents derived from large numbers of rented properties. Vacancy rates are useful indicators of the current availability of rental accommodation, but the expected inverse relationship between vacancy rates and median rents is not always apparent from the data.

Australian Capital Territory Sales

Chart 7: Canberra median house prices (\$'000)



Over the March quarter, the median house price for Canberra decreased to \$594,500, a decrease of 4.9% over the quarter but an increase of 4.3% over the previous year.

Median house prices decreased in all zones over the quarter except for Outer South. Decreases ranged from a decrease of 16.0% in Inner Central to a decrease of 1.4% in West and North.

In the 12 months to the March quarter 2017, the median house price increased in Outer South (15.6%) and West and North (2.0%) but decreased in Inner South (-2.9%) and Inner Central (-14.8%).

Over the March quarter, the median price for other dwellings in Canberra decreased to \$426,000, a decrease of 3.2% over the quarter and decreased by 0.7% compared to the March quarter of the previous year.

Inner Central (-3.7%) and West and North (-2.5%) contributed to this quarterly decrease while the median price for other dwellings increased in Outer South (2.6%) and Inner South (1.1%) over the quarter.

In the 12 months to the March quarter 2017, the median price for other dwellings increased in Outer South (2.6%) and West and North (1.3%) but decreased in Inner Central (-5.1%) and Inner South (-3.7%).

Table 7: Australian Capital Territory house sales

City/Zone	No. of Sales	Median Price \$'000	Quarter % change	Annual % change	Lower quartile \$'000	Upper quartile \$'000
Canberra	298	594.5	-4.9%	4.3%	498.0	715.0
Inner Central	35	800.0	-16.0%	-14.8%	680.0	1,112.5
Inner South	46	670.0	-11.4%	-2.9%	587.0	817.0
West and North	145	560.0	-1.4%	2.0%	470.0	685.0
Outer South	72	545.0	1.5%	15.6%	493.3	618.5

Current quarter value is preliminary and compared with the revised medians in previous quarters.

Canberra zone definitions: **Inner Central** is Canberra North and Canberra South. **Inner South** is Woden, Weston Creek and Molonglo Valley. **West and North** is Belconnen, Gungahlin and Hall. **Outer South** is Tuggeranong.

Table 8: Australian Capital Territory other dwellings sales

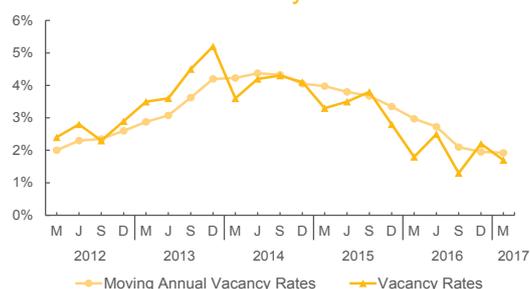
City/Zone	No. of Sales	Median Price \$'000	Quarter % change	Annual % change	Lower quartile \$'000	Upper quartile \$'000
Canberra	257	426.0	-3.2%	-0.7%	365.0	525.0
Inner Central	104	470.0	-3.7%	-5.1%	388.8	634.0
Inner South	21	445.5	1.1%	-3.7%	342.0	530.0
West and North	95	405.0	-2.5%	1.3%	355.0	485.0
Outer South	37	400.0	2.6%	2.6%	359.0	455.0

Current quarter value is preliminary and compared with the revised medians in previous quarters.

Canberra zone definitions: **Inner Central** is Canberra North and Canberra South. **Inner South** is Woden, Weston Creek and Molonglo Valley. **West and North** is Belconnen, Gungahlin and Hall. **Outer South** is Tuggeranong.

Australian Capital Territory Rents

Chart 8: Canberra vacancy rates



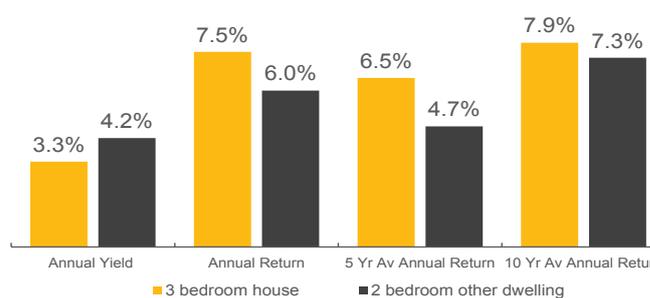
Over the March quarter, the median rent for three-bedroom houses in Canberra increased to \$470 per week, an increase of 2.2% over the quarter and an increase of 4.4% over the previous year.

Over the quarter, the median rents for two-bedroom and three-bedroom houses in Inner Central had the largest increases, 9.9% and 11.5% respectively. Only the median rents for two-bedroom houses in Inner South and three-bedroom houses in the Outer South decreased, by 7.6% and 1.1% respectively.

Over the past 12 months the median rents for all sizes of houses increased in all zones, ranging 2.3% for four-bedroom houses in Outer South to 19.0% for two-bedroom houses in Inner Central.

Over the March quarter, the median rent for two-bedroom other dwellings in Canberra increased to \$430 per week, an increase of 7.5% over both the quarter and compared with the March quarter last year.

Chart 9: Canberra residential investment property



Over the quarter, median rents for one-bedroom and two-bedroom other dwellings in Inner Central had the largest increases, 3.6% and 4.2% respectively. Median rents for one-bedroom other dwellings in Inner South and three-bedroom other dwellings in Inner Central had the largest decreases, 11.4% and 7.7% respectively.

In the 12 months to the March quarter 2017, the median rents increased for all sizes of other dwellings in Inner Central, Inner South and West and North. Increases in median rents ranged from 1.3% for three-bedroom other dwellings in Inner Central to 10.1% for one-bedroom other dwellings in Inner Central. Median rents, however, decreased for two-bedroom and three-bedroom other dwellings in Outer South, 3.2% and 1.9% respectively.

During the March quarter, the vacancy rate in Canberra decreased to 1.7%, a decrease of 0.5 percentage points.

Table 9: Australian Capital Territory house rents

City/Zone	No. of bedrooms	Median \$ per week	Quarter % change	Annual % change	Lower quartile \$ per week	Upper quartile \$ per week
Inner Central	2 b/r	500.0	9.9%	19.0%	415.0	550.0
	3 b/r	580.0	11.5%	11.5%	480.0	680.0
	4 b/r	780.0	4.0%	5.1%	650.0	995.0
Inner South	2 b/r	392.5	-7.6%	n/a	310.0	430.0
	3 b/r	490.0	2.1%	6.5%	450.0	530.0
	4 b/r	620.0	1.6%	12.7%	600.0	720.0
West and North	2 b/r	397.5	1.9%	10.4%	370.0	405.0
	3 b/r	450.0	0.0%	4.7%	420.0	485.0
	4 b/r	577.5	5.0%	5.0%	530.0	635.0
Outer South	2 b/r	n/a	n/a	n/a	n/a	n/a
	3 b/r	435.0	-1.1%	4.8%	410.0	480.0
	4 b/r	550.0	0.0%	2.3%	505.0	625.0

Table 10: Australian Capital Territory other dwellings rents

City/Zone	No. of bedrooms	Median \$ per week	Quarter % change	Annual % change	Lower quartile \$ per week	Upper quartile \$ per week
Inner Central	1 b/r	435.0	3.6%	10.1%	390.0	480.0
	2 b/r	500.0	4.2%	4.2%	420.0	575.0
	3 b/r	600.0	-7.7%	1.3%	500.0	785.0
Inner South	1 b/r	310.0	-11.4%	3.3%	250.0	350.0
	2 b/r	380.0	-2.6%	3.4%	350.0	430.0
	3 b/r	450.0	n/a	n/a	n/a	n/a
West and North	1 b/r	330.0	1.5%	6.5%	320.0	360.0
	2 b/r	390.0	0.0%	5.4%	360.0	410.0
	3 b/r	450.0	2.3%	7.1%	420.0	480.0
Outer South	1 b/r	n/a	n/a	n/a	n/a	n/a
	2 b/r	375.0	-7.4%	-3.2%	350.0	427.5
	3 b/r	395.0	-1.3%	-1.9%	390.0	440.0

Residential investment property market

Tables 39 and 40 report residential property investment yields and returns before tax based on net rental income, i.e. median rent adjusted downward by 20% to take into account costs including maintenance, insurance and agency fees that are associated with ownership of an investment property. Yields and returns are reported as percentages.

Annual yield is calculated by dividing net annual rental income by the overall median price, and is provided for three-bedroom houses and two-bedroom other dwellings. It does not take capital growth into account.

Quarterly, annual and average returns incorporate the growth in overall median prices (capital growth) together with the percentage returns derived from net rental income for three-bedroom houses and two-bedroom other dwellings. Capital growth is derived for each capital city from quarterly median dwelling prices.

This information should be used for indicative purposes only. Preliminary sales data is not revised. REIA has discontinued the Residential Investment Property Index (RIPI) and the Average Annual Return since March 1982/1988 provided in earlier editions of Real Estate Market Facts.

Table 39: Residential investment property returns: 3 bedroom houses

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin
Annual Yield Mar '16 to Mar '17	1.7%	2.0%	3.2%	3.2%	3.0%	3.3%	3.8%	3.9%
Quarterly Return Dec '16 to Mar '17	3.8%	8.1%	-1.2%	-0.5%	-2.0%	-4.1%	-3.8%	3.7%
Annual Return Mar '16 to Mar 17	18.5%	20.3%	6.5%	4.1%	-0.7%	7.5%	10.2%	-5.4%
5 year average annual return Mar '12 to Mar '17	13.9%	9.6%	6.7%	6.0%	5.3%	6.5%	6.3%	5.0%
10 year average annual return Mar '07 to Mar '17	10.1%	9.9%	7.6%	7.7%	5.7%	7.9%	7.3%	8.5%

Table 40: Residential investment property returns: 2 bedroom other dwellings

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin
Annual Yield Mar '16 to Mar '17	3.0%	3.0%	4.1%	3.6%	3.4%	4.2%	4.0%	3.6%
Quarterly Return Dec '16 to Mar '17	3.9%	4.6%	-1.0%	0.9%	0.9%	1.3%	6.7%	-9.6%
Annual Return Mar '16 to Mar 17	14.2%	13.9%	4.5%	6.7%	-1.3%	6.0%	15.5%	-10.8%
5 year average annual return Mar '11 to Mar '17	13.1%	7.5%	5.8%	5.6%	4.0%	4.7%	5.4%	6.2%
10 year average annual return Mar '07 to Mar '17	10.8%	9.0%	7.7%	8.0%	6.3%	7.3%	6.8%	9.5%



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Course Overview

Property Management - Friday 14th July 2017

At this training session we discuss and review, how to monitor and manage a lease or tenancy agreement and how to lease property. We also review Fraud Prevention best practise for Property Management, The "must haves" for a property Management file, water saving devices, notice periods required in both the Property Management and Sales and much more.

Sales - Friday 18th August 2017

At this training session we discuss and review, How to appraise property, Negotiate Effectively and Build Client Agency relationships. We also review How to complete a valid agency agreement, cooling off periods for residential agency agreements, the importance of effective cause of sale, Methods of service and delivery acceptable agency agreements, Understanding the ramifications of incorrectly serving residential agency agreements for both Sales and Property Management, Best Practice for completing of Residential Agency Agreements, The importance of capacity when signing agency agreements, the importance of material facts in Agency Practise, Work Health and Safety Act as it affects agency practice.

Auctions and Sales - Wednesday 20th September 2017

At this training session we discuss and review, how to prepare for an auction and sell and finalise by private treaty. We also review Preparation for Auction Day including WHS, Review and update of the paperwork inc bidders guides and paddles, How to effectively deliver the Preamble including contract details at an Auction, How to manage questions from the bidders, How to manage questions from the bidders, Ensuring you know how and when to use the vendor bid, Effective strategies for getting the best result.

Legislation and Compliance - Wednesday 18th October 2017

At this training session we discuss and review how to recruit, Select and Induct Staff, Develop a strategic business plan. We also review how to use coaching models to motivate and mentor staff, How to use behavioural questioning, How to introduce continuous improvement into your workplace, How to train your team using Scripts and Dialogues, the value of an Action Plan and How to Set Goals, Identify and implement learning and development needs for individuals and groups, Develop and implement learning and development programs using appropriate delivery methods for the participants.

Trust Accounting - Wednesday 22nd November 2017

At this training session we discuss and review how to manage agency trust accounts and Manage Budgets and financial Plans. We also review Results driven negotiation clear framework to understand the negotiation process, A planning model to enable you to prepare more proactively and efficiently, The ability to recognise and deal with tactics, A stronger understanding of the psychodynamics within the negotiation process, Greater control over the whole process.

Sales and Property Management - Tuesday 5th December 2017

At this training session we discuss and review, how to market property for Lease and List property for Sale. We also review How to complete a valid agency agreement, cooling off periods for residential agency agreements, the importance of effective cause of sale, Methods of service and delivery acceptable agency agreements, Understanding the ramifications of incorrectly serving residential agency agreements for both Sales and Property Management, Best Practice for completing of Residential Agency Agreements, The importance of capacity when signing agency agreements, the importance of material facts in Agency Practise, Work Health and Safety Act as it affects agency practice.



Registration Form

Duration: 9.00am - 5.00pm

Venue: Meyer Vandenberg Lawyers Training Room
Level 2, 121 Marcus Clarke Street
CANBERRA ACT 2601

Date	Topic	tick which date you will attend
Friday 14th July 2017	Property Management	<input type="checkbox"/>
Friday 18th August 2017	Sales	<input type="checkbox"/>
Wednesday 20th September 2017	Auctions and Selling	<input type="checkbox"/>
Wednesday 18th October 2017	Legislation and Compliance	<input type="checkbox"/>
Wednesday 22nd November 2017	Trust Accounting	<input type="checkbox"/>
Tuesday 5th December 2017	Sales and Property Management	<input type="checkbox"/>

Prices Include Catering Costs

	REI Member Rate	Non-member Rate
ACT only	\$295.00pp inc GST	\$383.50pp inc GST
NSW only	\$195.00pp inc GST	\$253.50pp inc GST
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Delivered via Blended learning, RTO partner issuing Statement of Attainment and CPD Certificate of attendance is:

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CPD Category 2 and Category 3

STATE OF THE MARKET: *Canberra, are we at the start of an infrastructure led boom?*

JULY

27

The API and REI ACT are pleased to present this year's **State of the Market: Canberra, are we at the start of an infrastructure led boom?**

Join us for this not to be missed breakfast event and hear from two highly influential professionals in the property industry.

DATE Thursday 27 July 2017

TIME 7:00AM Registrations open — tea and coffee served
7:30AM Breakfast commences
9:30AM Expected close

VENUE National Gallery of Australia, Gandel Hall, Parkes Place, Canberra ACT 2600

CPD POINTS Attendance at this event accrues 2 CPD points

COST API Members \$100
REI ACT Members \$100
API Students \$75
Non-Members \$125

**REGISTRATIONS
CLOSE THURSDAY
20 JULY 2017**

Commercial — Now we are part of the world market, how do we stay there?



Paul Powderly

Paul Powderly is the State Chief Executive Officer of Colliers International and a real estate professional with 29 years' experience in both the commercial and residential development sector of the market.

Paul has been intimately involved in ten (10) major office developments totalling 210,000 square metres and consulted on in excess 400 office and residential development projects.

More recently he has headed Colliers International Commonwealth Government business before expanding the business and adding project services and Government consulting to the Canberra business.

His passion for the Canberra Real Estate market is evident by his knowledge and his willingness to provide guidance on market directions and trends.

Residential — The growing divide: Traditional suburban blocks vs high density units



Nicola Powell

Dr Nicola Powell is a Data Scientist for Allhomes / Domain Group. Her key objective is to create factual data driven conversations across all media channels. Nicola provides regular property commentary

for local and national media outlets including digital, print, television and radio. Her passion is translating data to digestible consumer friendly columns. Within her career she has published numerous academic and interest papers. She is quickly establishing a name as a notable property commentator in Australia.



Greg Cummins — President, API — Facilitator

Greg has worked in the property industry in Canberra since he came here for 4 months in 1983. Though he is now a Director of Knight Frank Valuation Canberra the largest commercial property valuation company in the ACT he has previously has a wide variety of roles in the industry. Greg spent 10 years selling residential property, sold and leased commercial and industrial properties throughout the region, additionally he has previously managed one of the largest privately owned commercial property portfolios in the ACT. In his current role he focuses on residential development projects for a wide variety of diverse clientele.

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STATE OF THE MARKET:

Canberra, are we at the start an infrastructure led boom?

Thursday 27 July 2017

National Gallery of Australia, Gandel Hall
Parkes Place, Canberra

**REGISTRATIONS CLOSE
THURSDAY 20 JULY 2017**

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Venue: Meyer Vandenberg Lawyers Training Room Level 2, 121 Marcus Clarke Street CANBERRA ACT 2601

Duration: 9:00am – 5:00pm

* IMPORTANT NOTE FOR EXPERIENCED AGENTS

Topic	Date (tick which date you will attend)	
INTRODUCTION DAY – Overview of the programme & assessments, Prospecting tools for Sales & Property Management	<input type="checkbox"/> Monday 3rd July 2017	<input type="checkbox"/> Friday 2nd February 2018
PROPERTY MANAGEMENT	<input type="checkbox"/> Friday 14th July 2017	<input type="checkbox"/> Wednesday 21st February 2018
PROPERTY MANAGEMENT PART 2	<input type="checkbox"/> Monday 31st July 2017	<input type="checkbox"/> Monday 5th March 2018
SALES	<input type="checkbox"/> Friday 18th August 2017	<input type="checkbox"/> Thursday 15th March 2018
SALES PART 2	<input type="checkbox"/> Wednesday 6th September 2017	<input type="checkbox"/> Thursday 29th March 2018
AUCTIONS	<input type="checkbox"/> Wednesday 20th September 2017	<input type="checkbox"/> Friday 13th April 2018
LEGISLATION AND COMPLIANCE	<input type="checkbox"/> Wednesday 18th October 2017	<input type="checkbox"/> Friday 18th May 2018
TRUST ACCOUNTING	<input type="checkbox"/> Wednesday 22nd November 2017	<input type="checkbox"/> Friday 8th June 2018
PROPERTY MANAGEMENT AND SALES	<input type="checkbox"/> Tuesday 5th December 2017	<input type="checkbox"/> Wednesday 27th June 2018
OVERVIEW DAY - Review of key Legislation, review of sales & property management checklists & procedures	<input type="checkbox"/> Monday 18th December 2017	<input type="checkbox"/> Wednesday 4th July 2018

Your Registration for the Licence Course Includes an Individual LinkedIn Profile.

First Name: _____ Surname: _____

Contact Ph: _____ Email: _____

Office: _____ REI ACT Member: Y/ N

We are here to answer your questions and assist you! Please contact 02 8005 1292

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Date: Tuesday 1st August to Thursday 3rd August 2017

RSVP: COB Friday 21st July 2017 or [until sold out](#)

Venue: Independent Strata Management

Level 2, 91 Northbourne Avenue, TURNER 2612

Time: 9.00am – 3.00pm each day, with the option to stay in the classroom on day 3 to complete the online exam, alternately you have 72 hours in which to complete the exam away from the classroom.

Trainer: All courses are facilitated by Qualified Strata Industry and Industry Specialist Trainers.

Email: education@stratacommunity.org.au

Materials to bring

- Course Manual will be provided at the venue.
- BYO Pens of different colours and highlighters.
- Morning tea and lunch will be provided.
- Laptop with own internet connection for on-line exam after course on day 3. (Best format for the exam is Google Chrome)

Assessment

- On-line multiple choice question exam at the completion of the course on day 3
- Certificate of Achievement
- Prerequisite for the SCA Accreditation Pathway – new entrants

Course Cancellation Policy: (please read this carefully)

The cancellation policy for the A100 is as follows:

1. If you are unable to attend the course you are booked into and wish to transfer to the next available course or send another staff from your office and your notification has been sent more than seven (7) days prior to the date of the course there will be a \$50.00 administration fee applied for the transfer. The registration may be transferred two times only.
2. If you are unable to attend the course and your notification has been sent less than seven (7) days prior to the commencement of the course there will be NO REFUND, this also applies for no shows.

All Cancellations must be in writing and sent to: education@stratacommunity.org.au. By registering for the course it will be understood that you have agreed to this policy.

Course Overview

Day 1.

Module 1 Legal Basis for Community Associations

- The legal nature of a strata community, including the scope and limits of its authority within the industry
(*Legal Basis for Strata Community*—Lesson 1)
- General meetings – Lesson 2
- The effective use of committee/board meetings for decision-making
(*Committee/Board Meetings and Decision Making* — Lesson 3)
- How to develop appropriate By – Laws and their enforcement (*Rule Development and Enforcement*—Lesson 4)

Day 2.

Module 2 Community Management & Leadership

- Your role and responsibilities as a manager in relation to the roles and responsibilities of your community's owners and volunteer leaders (*Strata Community Management* — Lesson 1)
- Industry Code of Conduct and Ethics (*Ethics* - Lesson 2)
- Contracting (Lesson 3)
- Risk Management & Insurance (Lesson 4)

Day 3.

Module 3 Financial Management & Facilities Maintenance

- Financial Statements, Audits, Income Taxes, and Investments—Lesson 1
- Collecting Levies—Lesson 2
- Budgets and Sinking Fund—Lesson 3
- Maintenance (Lesson 4)

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REI ACT

REAL ESTATE INSTITUTE
OF THE AUSTRALIAN CAPITAL TERRITORY

allhomes

2017/18

REI ACT SEMINARS AND EVENTS

2017

REI ACT/API State of the Market	CPD	Thursday 27th July 2017
REI ACT Auctioneering Championships		Thursday 3rd August 2017
Principals Breakfast with the President Guest Presenter – Dr Andrew Wilson Event Sponsor Allhomes / Domain Group		Wednesday 9th August 2017
Social Media and Your Marketing	CPD	Wednesday 23rd August 2017
What is the current lending criteria? St George Bank Presentation	CPD	Wednesday 30th August 2017
Australasian Auctioneering Championships - Adelaide		Tuesday 5th – Thursday 7th September 2017
REI ACT Awards for Excellence		Saturday 16th September 2017

2018

Latest technology trends in the industry	CPD	Tuesday 19th September 2017
BAL Lawyers Seminar	CPD	Wednesday 11th October 2017
A career in real estate – public forum		Thursday 12th October 2017
WIRE Breakfast	CDP	Wednesday 25th October 2017
Principals Breakfast with the President Event Sponsor – St George Bank	CDP	Wednesday 15th November 2017
REI ACT Members Christmas Drinks with the Board		Thursday 7th December 2017
CRM and Customer Experience Allhomes Presenter Fatek Chamma	CDP	Wednesday 7th February 2018
BAL Lawyers Seminar	CPD	Tuesday 27th February 2018
WIRE Luncheon Event Sponsor - REI Super	CPD	Wednesday 7th March 2018
Principals Breakfast with the President Event Sponsor - BAL Lawyers	CDP	Wednesday 28th March 2018
Mark Sumich Auction Training	CDP	Friday 6th April 2018
REI ACT Annual General Meeting		Thursday 19th April 2018
BAL Lawyers Seminar	CPD	Wednesday 9th May 2018
WIRE Breakfast	CDP	Wednesday 23rd May 2018 rei super & Allhomes

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PROFESSIONAL PRACTICES	Craig Bright / Michelle Tynan / Stephanie Lynch
AWARDS	Stan Platis
TRAINING	Frank Pompeani
AUCTION	Peter Walker
FINANCE	Scott Hammond
CORPORATE GOVERNANCE	Michael Kumm
COMMERCIAL	Andrew Stewart