



# REI ACT

REAL ESTATE INSTITUTE  
OF THE AUSTRALIAN CAPITAL TERRITORY

March 2018



## **What is the MITA?**

Qualifying for  
commission-only  
employment

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# FROM THE *President*

## Welcome to our Autumn edition of the REIACT Newsletter.

A bit of intensity has come out of the market since the last quarter of 2017, but there is still plenty of movement albeit with a few less lookers attending our open homes. Our Auction clearance rates are still as good or better than the other states or territory.

Whilst the population growth in both Sydney and Melbourne is averaging +/- 100,00 a year we are still holding our own at around 7,000 a year. With our low unemployment rate, highest average salary and lowest average home loan the ACT is still a very desirable place to live.

An interesting statistic coming to light at the moment is that the percentage of properties that are rented as proportion of the total number of dwellings in the ACT which is currently around 33% to 34% is increasing to over 40%. This increase in rental demand coincides with the ACT Governments increase in land tax and rates and the subsequent increase in the number of landlords wishing to sell their investment property! Increased rents? Who knows?

The Real Estate Institute of Australia are moving forward on their plan to make the real estate industry a profession. The Real Estate Institute of the ACT supports this concept and we will be holding information sessions for our members during the year.

REIACT held its annual Women In Real Estate (WIRE) luncheon on the 7th March at the National Gallery of Australia, which attracted over 130 participants. The luncheon and guest speakers were very well received and planning is already underway for an even bigger event near year. It must be remembered that Real Estate is one of the few professions where women receive equal pay for equal work and represent over 55% of our workforce.

Agents are now experiencing a number of requests from prospective tenants in regard to residual methamphetamine contaminated rental properties. The use of Methamphetamine or Ice as it is more commonly known leaves as much residual contamination as those from a Meth Lab.

The use of Ice in Australia has tripled in the past five years and the cost to remediate a property starts at about \$10,000. REIACT will advise when further details are available.

As Frank Pompeani is standing down for the Board, I would like to take this opportunity to thank him very much for all his time, efforts and energy for all the years that he has sat on the Board including his time as President. Frank made a valuable contribution to the industry and his input was very much appreciated.

Good listing and selling.

## **MICHAEL KUMM** President REIACT



**WITH OUR LOW  
UNEMPLOYMENT RATE,  
HIGHEST AVERAGE SALARY AND  
LOWEST AVERAGE HOME LOAN  
THE ACT IS STILL A VERY  
DESIRABLE PLACE TO LIVE**

# FROM THE *CEO*

**Where has the last three months gone? We have certainly hit the ground running here, with two CPD training days and four industry seminars already held by the Institute.**

Last Thursday night I had the pleasure of attending the 2018 REIA Awards for Excellence Gala Dinner held at Doltone House in Sydney, and I would like to take this opportunity to congratulate our 2018 REIA National Awards for Excellence winners:

## 2018 REIA National Awards for Excellence Achievement Award



**Chantel Jones**  
Independent Property Management

## 2018 REIA National Awards for Excellence Corporate Support Person of the Year



**Emily Antill**  
Peter Blackshaw Woden and Weston Creek

## 2018 REIA National Awards for Excellence Medium Residential Agency of the Year



**Peter Blackshaw Woden and Weston Creek**

I would also like to acknowledge and congratulate our finalists who proudly represented the ACT in the following categories:

Commercial Agency of the Year —  
Colliers International

Commercial Property Manager of  
the Year — Chris Park, Knight Frank

Communications Award —  
Burgess Rawson

Large Agency of the Year —  
Ray White Belconnen

President's Award — Stan Platis

Residential Property Manager  
of the Year — Renee Bink,  
Independent Property Management

Residential Salesperson of the Year —  
Col McIntyre, McIntyre Property

Small Agency of the Year and  
Innovation Award — Impact Properties



**MICHELLE TYNAN**

## Breakfast with the Deputy President — Pathway to Professionalism

All agency principals and directors (both members and non-members) should have, by now, received your invitation to attend our Pathway to Professionalism Breakfast to be hosted by our Deputy President, Mr Stan Platis on Wednesday 11th April 2018 at the QT Hotel.

I urge you to attend this presentation by Mr John Cunningham, Chair of the REIA Pathway to Professionalism Committee. John will outline the program the REIA is now undertaking to have our Industry recognised nationally as a Profession. This undertaking is the biggest seen in our Industry in the last 100 years, so please come along and be informed and understand what will be required by you and your business to help us achieve this recognition and endorsement by the Professional Standards Council of Australia.

If you have not received your invitation (sent by email on 14 March 2018), please contact the REIACT office on 02 6282 4544 for more information.

## The National Training Package Review

As the Institute continues to promote greater professionalism within the industry, we have been involved with the national review of the real estate qualifications. Draft changes to the Certificate IV in Property Services, Certificate III in Property Services and Diploma in Property Services were released for industry consultation in late 2017. Changes can be viewed online [atartibus.com.au](http://atartibus.com.au)

Go to the link, check out the changes and have your say.



## The REIACT Annual General Meeting

The REACT Annual General Meeting will be held on Thursday 19th April, 2018 at the office of the Institute, 16 Thesiger Court Deakin at 5-30pm. As per the REIACT Constitution, (3) positions on the REIACT's Board are to be filled at this year's Annual General Meeting (AGM). Nominations need to be returned to REIACT by 5.00pm on Thursday 12th April 2018.

Please give consideration to nominating for the Board — be a part of the exciting changes our Institute will face in the coming year.

## CPD Training — April

**Auctions and Sales — Auctions vs Private Treaty**  
20th April and 19th September 2018

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 including bidders guides and paddles, how to effectively deliver the preamble, including contract details, at an Auction, how to manage questions from the bidders, ensuring you know how and when to use the vendor bid, and effective strategies for getting the best result.

*welcome*  
**NEW MEMBERS**

**Harcourts Belconnen**

**HARCOURTS BELCONNEN**

1/21 Lakeview Square,  
Building 2, Benjamin Way

(02) 6151 0102

[belconnen.harcourts.com.au](http://belconnen.harcourts.com.au)



## *Breakfast with the Deputy President*

**DATE:** Wednesday 11th April 2018

Event Partner – BAL LAWYERS

**VENUE:** QT Hotel, 1 London Circuit Canberra

**TIME:** 7:30am – 9:00am

**TOPIC:** **PATHWAY TO PROFESSIONALISM**

**PRESENTER:** **Mr John Cunningham**  
**Chairman, REIA Pathway to Professionalism**



Stan Platis  
Deputy President



John Cunningham

Our industry is at a crossroads – one that presents us with the most critical choice we've been posed in more than 100 years.

Which road will you take? Will you tread the track of least resistance and continue with the status quo? Or will you boldly set out on the pathway toward professionalism?

Our journey will require us all to change – our attitudes, our behaviours and the way we collectively present ourselves. But by working together we can be the change we want to see.

The REI ACT, in conjunction with REIA and our state and territory counterparts, are working with the Professional Standards Councils (PSC) and its agency, the Professional Standards Authority, to explore how real estate agents can be formally recognised as a profession.

It's time to stand up. Collectively, we need to understand our commitments to our clients, our community, our agencies and our teams. If we do this, then we'll truly be on the road to being a profession and, in doing so, fending off the threat of disruption and raising our standing in the minds of consumers. Evolution into a profession is the key to our industry's survival.

Please join us for a presentation by the REIA Pathway to Professionalism Chairman, Mr John Cunningham for what will be the biggest change to the Real Estate Industry for more than a century

Corporate Sponsors



## Nomination Form

# Election of Executive Officers and Directors of the Board 2018

Position Nominated ..... Nominee.....  
(Please print)

I am an Institute Member\*/Life Fellow\* (\*delete where not applicable) and I accept the nomination.

..... / /  
Signature Date

The positions and number of positions available are:

- Deputy President (1)
- Directors (up to 2) - In accordance with the Constitution of which at least one is to be a skills based appointment of an Associate Member with expertise in an area or areas that the Board resolves is important to effectively execute the powers of the Board, and to achieve or promote the objects of REI ACT in clause 3.1 of the Constitution

The Immediate Past President is an ex-officio member of the Board. Members may nominate for an Executive position and as a Director simultaneously and if successful as the former, their nomination for Director may be withdrawn.

Members of the Board shall be elected or appointed to serve for an approximate two-year term.

Nominated by the following Institute Member/Life Fellow

.....  
Name Name

.....  
Signature Signature

..... / /  
Date Date

**Nominations close with the Secretary at 5.00pm, Thursday 12<sup>th</sup> April 2018**  
**Email: [admin@reiact.com.au](mailto:admin@reiact.com.au)**

# Training



## What's on at REI ACT?

### Continued Professional Development (CPD) 2018

Attention – All Residential, Retail, Commercial & Real Estate Professionals

#### Course Overview

##### **Property Management - Managing Tenancy Agreements** 21st February 2018 and 11th July 2018

In this training you will learn how to monitor and management your lease and tenancy agreements, we look at Knowing how to deal with the media in a crisis, Understand the importance of Material facts and how and when to disclose them.

Fraud Prevention best practice for Property Management and the The "must haves" for a property Management file.

##### **Sales - Negotiating the Sale**

15th March 2018 and 17th August 2018

We will review and discover important listening skills as well as the principles of listening, the barriers to effective communication and the importance of negotiating skills for Real Estate Agents. We review the consequences of not reaching agreement and how to negotiate with parties involved. We also review how to establish and build relationships and appraise properties for sale.

##### **Auctions and Sales - Auctions vs Private Treaty**

20th April 2018 and 19th September 2018

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 including bidders guides and paddles, how to effectively deliver the preamble, including contract details, at an Auction, how to manage questions from the bidders, ensuring you know how and when to use the vendor bid, and effective strategies for getting the best result.

##### **Legislation and Compliance - Developing your Strategic Business Plan**

18th May 2018 and 19th October 2018

At this training session we discuss and review how to recruit, select and induct staff, and 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 participant.

##### **Trust Accounting - The Importance of Budgets and Financial Plans**

8th June 2018 and 21st November 2018

At this training session we discuss and review how to manage agency trust accounts and Manage Budgets and financial Plans. We also review Key Risk Areas - learn how to identify "at risk" team members, templates for Supervision Guidelines, review of current case studies and how they could have been avoided, and top tips for minimising fraud. Get updated with new any legislation in relation to your states' Trust Account legislation, how to deal with an external Trust Account Auditor and how to choose your Trust Account Auditor and why it is so important. We also review the Frequently Asked Questions by the Property Management Team regarding Trust Accounting, discuss the importance of random audits, the Trial Balance tells you all about your trust account – review how to read one and what to look for, what documents to review at month end and what should balance with what and the next steps if you believe you have an issue of fraud.

##### **Sales and Property Management - Perfecting the Listing and Marketing Process**

27th June 2018 and 5th December 2018

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 Residential Agency Agreements, the importance of capacity when signing Agency Agreements, the importance of material facts in agency practice, and Work Health and Safety Act as it affects agency practice.



# 2018 Registration Form

**Duration:** 9.00am - 5.00pm

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

Topic	tick which date you will attend	
Property Management (Managing Tenancy Agreements)	<input type="checkbox"/> Wednesday 21st February	<input type="checkbox"/> Wednesday 11th July
Sales (Negotiating the Sale)	<input type="checkbox"/> Thursday 15th March	<input type="checkbox"/> Friday 17th August
Auctions and Sales (Auctions vs Private Treaty)	<input type="checkbox"/> Friday 20th April	<input type="checkbox"/> Wednesday 19th September
Legislation and Compliance (Developing your Strategic Business Plan)	<input type="checkbox"/> Friday 18th May	<input type="checkbox"/> Friday 19th October
Trust Accounting (The Importance of Budgets & Financial Plans)	<input type="checkbox"/> Friday 8th June	<input type="checkbox"/> Wednesday 21st November
Sales and Property Management (Perfecting the listing & marketing process)	<input type="checkbox"/> Wednesday 27th June	<input type="checkbox"/> Wednesday 5th December

## 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
ACT and NSW	\$395.00pp inc GST	\$513.50pp inc GST

**Contact us now for more information on the above courses:** Ph: 02 8005 1292 • Email: [clientcare@realmastery.com.au](mailto:clientcare@realmastery.com.au)

First Name: ..... Surname: .....

Contact Ph: ..... Email: .....

Office: ..... REI ACT Member: Y/ N .....

Delivered via Blended learning, RTO partner issuing Statement of Attainment and CPD Certificate of attendance is:  
MRT Training RTO ID: 41529  
CPD Category 2 and Category 3

# WOMEN IN REAL ESTATE *lunch*





[FOR ALL PHOTOS PLEASE CLICK HERE](#)

**BAL LAWYERS  
ARE PROUD TO BE A  
CORPORATE PARTNER  
OF REIACT**



**ELLEN BRADLEY**  
ESTATE & BUSINESS  
SUCCESSION



**DAVID TRIGG**  
REAL ESTATE &  
CONVEYANCING

**WE ARE PLEASED TO OFFER ALL CURRENT  
REIACT MEMBERS A 10% DISCOUNT ON  
SIMPLE WILLS, POWERS OF ATTORNEY &  
RESIDENTIAL CONVEYANCING SERVICES.**

# IT'S ALL IN THE NAME: *changing a party's name or adding an additional party once contracts have exchanged*

**A common practice seems to have developed in the ACT for parties to a contract for sale of land or their legal representative to agree to hand amend the contract to change one party's name or to add a party to the contract.**

This practice has drawn strong criticism from the courts, especially in NSW (see the comments of Young JA in *Hearse v Staunton* [2011] NSWCA 139) and is fraught with danger. So, what should you be aware of when looking to change a party's name or add an additional party to the transaction following exchange of contracts?

## Amending a Contract

Once a contract has been made, the contract and its terms are binding on the parties. From this point, it is not possible to amend a contract without entering into a formal variation, rescission and replacement with a new contract or a novation (*Hearse v Staunton* [2011] NSWCA 139). Any purported amendment that is not made in accordance with established contractual principles risks being held unenforceable by the courts.

This was seen in the case of *Hearse v Staunton*, where the contract was initially prepared with the wife as the buyer. Prior to exchange, the wife was removed as a buyer and her husband was substituted in her place. Following exchange, the parties agreed by correspondence to reinsert the name of the wife on the contract by hand.

The buyer was unable to complete and the seller terminated the contract. As the husband was now insolvent, the seller sought damages for breach of contract from the wife. As no formal variation or new contract had been entered into between the seller and the wife, the wife successfully argued that she was not bound to the contract.

The judgment of *Hearse v Staunton* indicates that it is more difficult to amend a contract where the purported amendment is to add a party or change a party's name. Indeed, any such amendment is likely to constitute a new contract, which will only be enforceable if all contract requirements (i.e offer, acceptance, consideration etc) have been met. In addition, parties seeking to effect such a change should be aware of the provisions of the *Duties Act 1999* (the Act). Under the Act, duty is charged on the transfer of dutiable property and on an agreement for the sale or transfer of dutiable property. While the Act provides for circumstances where double duty is not charged (including a transfer in conformity with the contract and a transfer not in conformity if the buyer under the contract and the transferee under the transfer are related people) a variation to a contract that is in effect a new contract may attract double duty.

## Rectification

There may be scope for parties to agree to change the name of one of the parties as it appears on the contract under the legal principle of rectification. Rectification is a discretionary remedy allowing the



**JULIAN POZZA**  
Lawyer, BAL LAWYERS

court to rectify a contract to conform with the intentions of the parties where by some mistake, this intention was not accurately reflected in the contract. However, rectification requires the parties to hold a common intention at the time the contract is executed and where a party is to be added or a name changed, this is unlikely to be the case. In addition, while it is possible for parties to rectify the contract between themselves, this is best done through a formal variation to ensure there are no later disputes enforcing the rectification/variation.

## Conclusion

Buyers and sellers of residential property and their agents should be aware of the legal process require to alter parties to a contract. Ultimately, it is best practice to ensure that all parties are accurately described on the contract at the time of exchange. However, where this does not occur, parties should seek legal advice to ensure their position is protected.

# CANBERRA'S MEDIAN HOUSE PRICE *surges to record high*

**The Canberra housing market continues to provide robust results for local homeowners with the latest data revealing nation-leading growth in house prices in Domain's *State of the Market Report* released on Thursday.**

Domain reports Canberra's median house price surged by 5 per cent over the December quarter to a new record high of \$753,516. The Canberra growth rate was the highest recorded of all the capitals with the exception of Hobart where the median increased by 10 per cent over the quarter.

Canberra house prices have now increased by 8.4 per cent over the past year, which is behind only Melbourne at 11.3 per cent and Hobart at 17.4 per cent for annual growth rates.

Although Canberra and Hobart recorded strong house price growth over the September quarter, other capital cities reported subdued results.

Sydney's median house price only increased by 0.5 per cent in the last quarter to \$1,179,519.

Brisbane and Darwin both experienced negative quarterly growth at -0.6 per cent and -2.6 per cent respectively.

Domain group chief data scientist Dr Nicola Powell said Canberra's performance has been assisted by strong interstate migration.

"I think there's an element of perceived value in the Canberra market and we are seeing a lot of interstate migrants come to the ACT supported by low interest rates," she said.

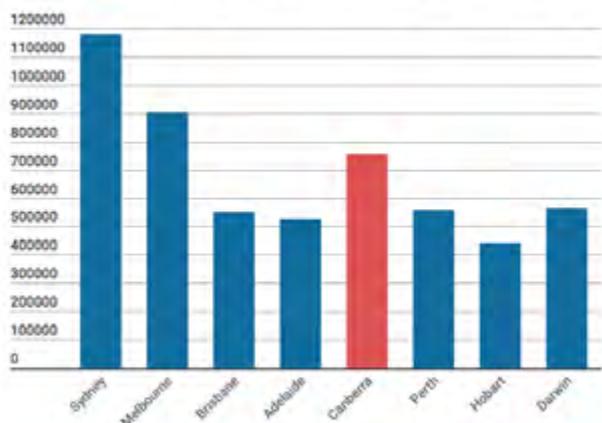
"When you compare Canberra to nearby capital cities such as Sydney, that price point is actually great value."



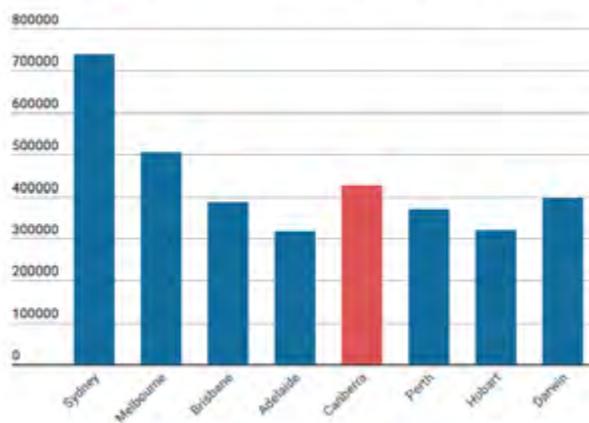
**JOSEPHINE HUYNH**  
Allhomes Editor



Median house price December 2017 quarter



Median unit price December 2017 quarter





Powell added there is an interesting trend with stock levels in the Canberra market that is also affecting Canberra's median price growth.

"On an annual basis the current total stock on market in Canberra has been steadily declining since March 2016. Last year ended with a slight increase but only by 0.6 per cent, which is minor," she said.

Property Council of Australia ACT executive director, Adina Cirson, said Canberra's median house price growth demonstrates a demand for particular types of housing.

"There's plenty of large family homes with four or more bedrooms at one end of the market and at the other end there's plenty of apartments.

What I'm hearing from the sector is there is a huge demand for two- and three-bedroom family homes," she said.

"Wherever there is a higher demand in the market, there's going to be higher prices."

Cirson stated there is a "missing middle" in Canberra's housing market.

"The missing middle includes people who sit just above the public housing threshold, but can't quite afford the higher end of the market," she said.

"We know Canberrans are very keen on seeing a greater housing choice in the market which allows them to buy at different price points."

While Canberra's housing market has had a major surge, the unit market only recorded a slight increase of 0.1 per cent to \$426,124.

"The high level of development in Canberra peaked in 2016 which impacted prices. Consequently, what we have seen over the past two years in Canberra's unit market is volatile price movement," added Powell.

"When you go back to what was happening in the boom of the development phase we were seeing annual growth in the double digits but now it has started to ease."

## WHEREVER THERE IS A HIGHER DEMAND IN THE MARKET, THERE'S GOING TO BE HIGHER PRICES

For first home buyers, units offer an affordable alternative said Powell.

"First home buyers are really now priced out of the house market because the number of affordable suburbs in detached housing in Canberra is very small," she said.

"The unit market has an affordable entry price point compared to a house and we're seeing more first home buyers choosing to live in an apartment.

"That increase in demand from first home buyers is helping to balance out the unit market."

# BUILDING CONFIDENCE IN PROPERTY

WHEN BUYING, SELLING OR BUILDING



## \$0 UPFRONT ACT SELLERS PACKAGE

### SERVICES

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NSW BUYER/SELLER REPORTS  
BUILDING CERTIFICATION  
TERMITE TREATMENT

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# REAL ESTATE AGENTS ARE NOT *financial advice experts*

**Agents at all times should be very careful when discussing topics outside of their expertise, especially when giving advice that could be defined as financial advice.**

Typically, topics that are outside of an agent's area of expertise include a property's income-producing potential or the income tax benefits of buying the property or insurance.

IF ASKED A QUESTION WHICH IS OUTSIDE THEIR AREA OF EXPERTISE OR KNOWLEDGE, AGENTS SHOULD BE CLEAR THAT THE QUESTION IS NOT THEIR AREA OF EXPERTISE AND REFER THE QUESTION TO A MORE QUALIFIED PERSON.

It's a good habit to advise the customer to seek specialised advice when asked anything that falls under these headings.

For example, when speaking to a buyer who is thinking of renting out the property, the agent may be asked what gross yield, or rent, the property could potentially attract. It is important to be very clear and limit your comments to the rental market generally, such as what the current vacancy rate is and what similar properties in the area are renting for when speaking to a buyer who intends to rent out the property. It is common that an agent can make no assertions about the potential rental revenue and gross yield that the property could potentially produce.

Another high risk topic is that of buying real property through selfmanaged super funds. This is an area that a real estate agent can not advise buyers on. The response should be to suggest the buyer seeks professional advice from a qualified financial advisor.

If an agent was to give investment advice the agent would be required to be licensed by Australian Securities and Investment Commission (ASIC) as a financial advisor, or if the agent provides an opinion or arranges insurance on behalf of their client, the agent is required to either hold an Australian Financial Services licence, be appointed in writing as a distributor, or an authorised representative or corporate authorised representative of a licence holder.

It would be rare for agents to hold the above qualification.

Real estate agents are required by legislation to take all reasonable steps to be informed regarding the essential facts which affect current market conditions in order to be in a position to advise their clients and, or, to assist customers in a responsible manner. It is recommended that in specialised areas, which fall outside the scope of the duty of a real estate agent, that the client or customer is advised to seek more specialised advice.

If market appraisals or market forecasts in a volatile market are made, the agent should identify the volatility to the relevant consumer and warn the consumer to keep that volatility in mind when evaluating the appraisals or market forecasts. Agents must make accurate representations about properties, including the reasonable market appraisal of those properties, the features of those properties or any other matter that is material to the sale, purchase or lease of the property by a consumer.

If asked a question which is outside their area of expertise or knowledge, agents should be clear that the question is not their area of expertise and refer the question to a more qualified person. Giving a false or misleading answer can have serious legal implications.

Proceed with caution and remember you cannot 'be all to everybody'.

**JORDAN TINDAL**

# Welcome to the St. George Home Loan Referral Program

## Our commitment to you...

- You'll get a dedicated Business Development Manager that will support your business growth and align you with the right Lenders
- We'll keep you informed through clear and frequent communication of product offers and business updates
- You'll have access to a competitive commission structure providing you with an additional revenue stream for your business

## Our commitment to your customers...

- They'll have access to highly experienced, specialist Lenders through their local branch or a centralised team dedicated to your referrals
- They'll receive clear and frequent communication to ensure a seamless application experience
- They'll have access to more solutions including a full range of home loan products, niche policy options and competitive pricing

## Talk to us today

Contact your BDM or Lender

# CANBERRA *housing affordability*

## **Housing affordability. It is a hot topic across the country, and Canberra is no exception.**

When housing prices continually increase, the concerns over affordability naturally come to the fore. While prices in Canberra have not reached the same dizzying heights as in Sydney and Melbourne, they have increased enough to be asking the question — is housing affordability a problem in Canberra?

The median house price in Canberra was **\$640,000** in the September quarter 2017. Five years ago, in 2012, the median house price was **\$500,000**. Over that period, wages have risen, but not to the same extent. As a result, prices are now approximately 6.1 times the average annual income. That ratio is the highest since 2010. But some might be surprised to know that Canberra's price to income ratio was even higher in late 2007 and early 2008, at 6.3 times, just before the height of the Global Financial Crisis. Prices may have been lower then, but incomes were also much lower.

There is another factor that affects housing affordability that we can't forget — interest rates. Interest rates are much lower than they once were. Mortgages might be larger, but servicing a mortgage is less costly than previously.

Therefore the question of affordability is not so clear cut as looking at prices alone. After taking into account prices, incomes and interest rates, it is fair to say affordability is not the worst it has ever been.

Of course, given that interest rates are near historical lows, there is however, a big risk they will need to rise at some point in the future. Indeed, for some lending, such as for interest only and investors, borrowing costs have already risen.

Moreover, even if affordability in Canberra has not worsened substantially over time, there are certainly policies and measures that can affect affordability over the long-term.

First home owner grants and stamp duty exemptions sound great on the surface. They certainly benefit home buyers who are able to take advantage of these policies when they are first implemented. However, these incentives that only result in boosting housing demand will end up pushing prices higher and have a negligible positive impact on housing affordability over the long run.

Policies which aim to boost supply are the most effective at improving housing affordability. These would include releasing land for residential development and increasing the availability of high-density living. Additionally, improving infrastructure and accessibility also increases the stock of well-located housing. However, the impact of these policies on housing affordability is only felt over the long-term.

We should also acknowledge that decreasing affordability is associated with rising home values. But there are negative consequences on the economy from falling home values. It hurts consumer spending as we become less wealthy. It also discourages new home building and thereby hurts the construction industry.

**AFTER TAKING INTO ACCOUNT PRICES, INCOMES AND INTEREST RATES, IT IS FAIR TO SAY AFFORDABILITY IS NOT THE WORST IT HAS EVER BEEN.**

It also creates risks to the financial system as existing home owners see the value of debt as a proportion of their assets rise.

When the economy is not performing well, incomes are less likely to increase. So falling home values may not necessarily equate to improving affordability.

Housing affordability is a complex issue, and there are no "quick fix" solutions. We can only hope that careful thought and planning is taken when attempting to address it.

***Janu Chan***  
**Senior Economist,**  
**St. George Bank**



# Your life your fund



Braden Walters, REI Super member

## Get some **good** advice

from the super professionals for  
the real estate industry.

We've been managing super for Australia's  
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# AUCTIONEERING COMPETITION

## *looming*

**There are likely few real estate competitions that generate such mixed opinions as staged auctioneering competitions. In order to allow a consistent experience and environment for auctioneers to be judged, the competition needs to be staged. This ensures consistency in the conditions for the auctions.**

It's true they are often unrealistic and the situations delivered rarely encountered in every day auctioneering. However, in order to distinguish the best from the others, such scenarios are required. Only through challenge and the need for one to think on their feet to resolve an unfavourable situation are the best revealed to us.

For some auctioneers, entering a competition can be confronting. Suggestions of being one of the best or the best can be undone with a score below that of their competition.

The 'why' of auctioneering competition is not to determine the best. Without the mandatory entry of all auctioneers, the winner can't assume or truly believe they are best.

The 'why' of auctioneering competitions is disciplined practice leading to improved skills and the broadening of an auctioneers understanding of this skill.

Auctioneering competition encourages auctioneers to learn the finer points of auctioneering, practice and hone their skills with other auctioneers, understand how to cope with the pressures of performing in front of crowds and peers, in addition to networking and learning from other competitors and auctioneering coaches.

We always welcome the public to attend and watch our competitions. We can't guarantee you'll see the best auctioneer, but we can be confident that those competing are keen to learn their trade, are committed to improvement and willing to keep their ego in check by leaving themselves vulnerable to making a mistake in front of their peers and the public.

Make no mistake, it takes real mental strength to wait hours in a holding room and perform in front of a crowd knowing the auction is planned and aimed to trip you and others up.

Without such challenges, we can each lose our desire to improve and become complacent.

This years' REIACT competition is being conducted Thursday, 2nd August 2018.

Why not join us and see for yourself which auctioneers are committed to improving, have their ego in check and have the courage to be caught out by a tricky situation or a very complicated bidding sequence where mental arithmetic must be undertaken without the help of a penciller, all the while, having to cope with distractions and hecklers asking a variety of irrelevant or unexpected questions.



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# CHANGE IS HERE. DO YOU COMPLY? WE CAN HELP.

**The new Real Estate Industry Award  
started on 2 April 2018.**

The employment landscape has changed and every real estate employer now needs to be compliant with all aspects of the new award.

REEF's highly-skilled team is your best source of information and advice about what you need to do.

A large, stylized illustration of an alarm clock is positioned on the right side of the page. The clock is dark blue with a lighter blue face. The words "TAKE ACTION NOW!" are written in a bold, white, sans-serif font across the face of the clock. The background is bright yellow with white polka dots and several blue stars of varying sizes scattered around the clock. The overall design is energetic and urgent.

**TAKE  
ACTION  
NOW!**

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Call **1300 616 170** or email [admin@reef.org.au](mailto:admin@reef.org.au).  
Download an application form at [www.reef.org.au](http://www.reef.org.au).

**We're here to give you the right answers.**

# WHAT IS THE MITA? *qualifying for commission-only employment*



**Bryan Wilcox**  
CEO of the Real Estate  
Employers' Federation

**A new acronym is about to enter the real estate industry's lexicon. From 2 April 2018, references to commission-only employment will be uttered in the same breath as "MITA" — Minimum Income Threshold Amount.**

Under the new Real Estate Industry Award, where an employer wants to engage an employee on a commission-only basis, they'll need to ensure the employee meets the Minimum Income Threshold Amount (MITA) qualification criteria.

Employers will also need to re-assess the performance of commission-only employees at the end of each 12 months of employment to determine if the commission-only arrangement can continue.

**THE NEW REAL ESTATE INDUSTRY AWARD REQUIRES THE GROSS INCOME OF A COMMISSION-ONLY EMPLOYEE TO BE REVIEWED ANNUALLY.**

## **What is the MITA?**

The MITA is the salary target that must be satisfied if an employee is to be lawfully engaged on a commission-only basis.

If an employee can show that, in any consecutive 12-month period during the last three years, they received a salary (including bonus payments) at least equal to 125 per cent of the employee's minimum award rate of pay calculated as an annual amount (excluding statutory superannuation and allowances, such as car and phone), the MITA is satisfied and the employee is eligible for commission-only employment.

## **How much is the MITA?**

**As at 2 April 2018, the MITA will be \$52,733.**

This figure will increase annually in line with minimum wage adjustments, and will likely change on 1 July 2018 and each July thereafter.

## **What is the annual MITA review?**

The new Real Estate Industry Award requires the gross income of a commission-only employee to be reviewed annually. This annual review is mandatory.

For employees employed prior to 2 April 2018, the first annual assessment will need to occur by 1 April 2019. For employees employed after 2 April 2018, the first annual assessment will take place 12 months after the commencement of employment.

If the review establishes that the gross income of the commission-only employee for the year under review was less than the MITA, the employee is not permitted to continue being employed on a commission-only basis.

If an employee continues to be employed on a commission-only basis after failing an annual MITA review, serious consequences may potentially flow for employers (including penalties for breach of the award and underpayment claims).

## **Questions?**

If you're looking for guidance about how to best manage a situation where a commission-only employee's gross income has, or is likely to, fall below the MITA, give REEF a call on 1300 616 170. One of our Workplace Relations Advisors will answer all your questions.

## Qualifying criteria

Before an employee is permitted to be engaged on a commission-only basis, they must:

- ✓ Be engaged in either property sales or commercial, industrial or retail leasing at the Representative Level (Real Estate Employee Level 2) or higher. They cannot be engaged as a casual or junior, at the Associate Level (Real Estate Employee Level 1) or as a trainee

AND

- ✓ Agree in writing to be remunerated on a commission-only basis and have a written agreement that sets out the basis upon which commission is to be calculated

AND

- ✓ Have been issued with either a Real Estate Licence or be registered or permitted to perform the duties of a real estate salesperson under real estate law

AND

- ✓ Have been employed in property sales or commercial, industrial or retail leasing for a consecutive period of at least 12 months in the three years prior to entering into the commission-only agreement

AND

- ✓ Be at least 21 years of age

AND

- ✓ For an employee employed on a commission-only basis after 2 April 2018, they must establish (with the present or any past employer) that they have achieved the Minimum Income Threshold Amount (MITA).

Note: An employee who qualified to be employed on a commission-only basis prior to 2 April 2018 will continue to be eligible for commission-only employment under the new Real Estate Industry Award 2015, as long as the employment with that employer continues and subject to them continuing to meet the MITA at the annual review.

*The Real Estate Employer's Federation (REEF) is the real estate industry's leading not-for-profit employer and workplace relations advisory association. It has 1500 members and subscribers across the eastern states of Australia. Each year, REEF receives more than 12,000 calls from real estate employers needing help and guidance on matters affecting the employment relationship.*

**For more information about joining REEF, go to [reef.org.au](http://reef.org.au) or call 1300 616 170.**



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# Rental Bonds Portal

The ACT Revenue Office is currently developing a new Rental Bonds Portal (the Portal).

The Portal will allow managing agents (real estates) and private lessors to lodge a bond, set up bond payments and apply for bond refunds online. The Portal also offers a number of other benefits such as a 360 degree view of the bonds lodged for each user account. This view summarises the bond number, bond amount paid, property address, and bond status for each individual bond lodgement.

Real Estates will have the added capability to manage their own Portal user administration, with designated administrators being able to add and remove administrator access for property managers in their office.

The Portal is due to be released later this year. The ACT Revenue Office will continue to provide updates on the rollout of the Portal, together with information associated with process changes and timeframes for release. Further information about the Portal is also available on the [ACT Revenue Office website](#).

As part of the Rental Bonds Portal initiative the ACT Revenue Office is continually looking at ways to streamline business processes and make the management of bonds more efficient. The following changes came into effect on the 26 March 2018:

- Payment of bonds are to be made via electronic funds transfer. This change is made in accordance with the *Residential Tenancies Act 1997* and will streamline the bond lodgement process. Other payment methods, such as cheques, credit cards and money orders are no longer be accepted. It should be noted that bond lodgement forms should be lodged via email to [rb@act.gov.au](mailto:rb@act.gov.au) at the time payment is made.
- The process of transferring tenants on a bond has ceased. This will serve to reduce potential disputes about bond payments not being correctly transferred with Rental Bonds. Individual tenants moving into a property should seek to enter into a new tenancy agreement and have their bond lodgement and payment lodged with Rental Bonds.

Rental Bond forms have been updated to reflect these changes and should be downloaded from the [ACT Revenue Office website](#).

You can also register with the ACT Revenue Office online subscriber service to receive email alerts containing the most recent information about Rental Bonds via this [link](#).



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