

# REAL ESTATE VOICE



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Enlisting a buyer's agent  
to support your buyers

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Could climate change  
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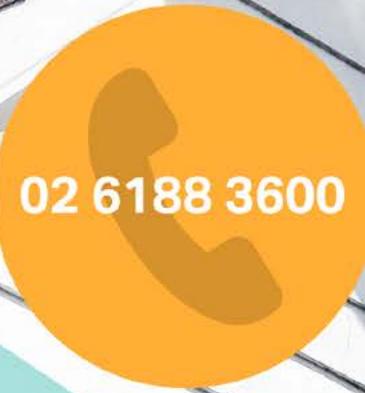
## AUCTION

What does being an auctioneer  
add to being a sales person?



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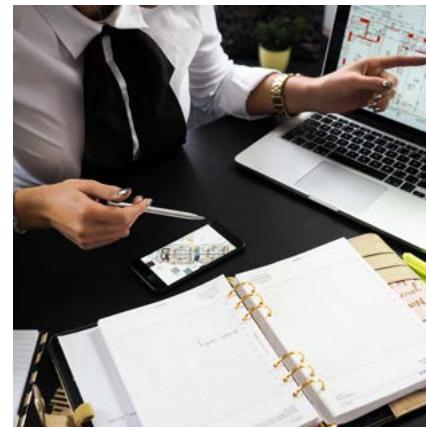
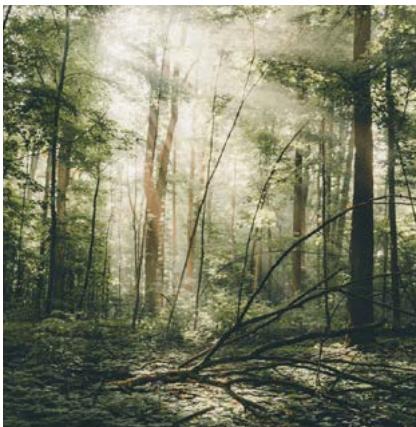
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## From the President

Everyone has a story to tell, but the reality is that the real estate sector is suffering and at this stage there is no foreseeable end in sight.

## From the CEO

Whilst some may see this as an opportunity to deflect and defer their responsibility during these unprecedented circumstances, our industry has led the way with effective, empathetic and professional service.

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Flat income growth is making the task of saving for our first homes particularly in capital cities, seem unachievable.

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Calling an auction builds confidence and allows you to present the vendors home in the best way possible to a crowd. It makes your interactions more genuine and heartfelt, and most importantly, passionate and unscripted.

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The devastating bushfires of the summer just past has highlighted a trend of more natural disasters of greater severity over an ever increasing area. Australia's science agencies have told us that we can expect more extremes into the future.



Balloon Festival, Canberra

# FROM THE PRESIDENT



**PRESIDENT REIACT** Michael Kumm

## Thank goodness it's Autumn!

I never thought that I would look forward to the *end* of Summer!

One of my idiosyncrasies is that I never go away at Christmas. Hence, whilst I wasn't actively involved in the bushfire drama, I was bombarded with news updates followed by the graphic footage on TV, plus, what felt like endless-days of thick smoke in the territory. Then to rub salt into the wound, thousands of Canberra vehicles got smashed with hailstones the size of golf balls! I certainly don't have to remind you of these issues because everyone has a story to tell and all of it is just as graphic as the fires of 2003.

The real estate market made an early upward start for the year and was tracking very nicely in the first quarter. Everyone was watching what

was occurring in China and we all had our fingers crossed, and then.... our industry has been turned upside-down.

We are now working from home, a lot of our friends have been self-isolating and social-distancing has become the new mantra.

Our only respite is that our town planning has given us enough space, so that, at this stage we seem to have things in control. You may have heard that the epicenter of new cases in Sydney is Bondi Beach!

Everyone has a story to tell, but the reality is that the real estate sector is suffering and at this stage there is no foreseeable end in sight. A vaccine would help, but the guesstimates are anything from 3 to 18 months. My feeling is for the shorter period, as the reward for the company that produces

the vaccine will be an income stream that will race through the stratosphere.

In the meantime, we are, as an industry, innovating, adapting and implementing many new technologies and safety regulations into our normal business practice to assist, re-assure and protect our clients and to negotiate the unprecedented circumstances we now find ourselves in.

We are all in this together, so please stay safe, enjoy what is now enforced time with our families that as an industry is sometimes the one thing we sacrifice the most, and we will, as Sco Mo would say, see you on the other side.

**Michael Kumm**  
**President REIACT**

## WE ARE ALL IN THIS TOGETHER



**REIACT CEO** Michelle Tynan

**I usually have my content written for my column two weeks out from publication, however, for this edition I have really struggled with what to write.**

The surreal events of 2020 usually only live in our worst nightmares, but here we are living it.

Rather than dwell on what has happened and what still remains in front of us, let's have a look at some of the positives instead.

Congratulations to all our Award winners in the 2020 REIA Awards for Excellence with the ACT again dominating the national stage with four Awards coming to Canberra. Congratulations to **Guy Randell**, Burgess Rawson – Commercial Salesperson of the Year, **Kimberly Nugent**, Independent Property Management – Residential Property Manager of the Year, **Hannah Gill**, Independent Property Management – Operational Leadership Award and **Independent** – Innovation Award.

To all of our members who have and continue to evolve their businesses to cope with the COVID-19 disruption. Since the 3rd March you have adapted, innovated and continued to provide your professional services whilst having no directive from ACT Government other than "to sit down and work it out". The overnight change to private inspections, virtual inspections and

auctions was seamless, then add to that the management of daily compliance changes, your efforts have been nothing short of extraordinary.

Whilst some may see this as an opportunity to deflect and defer their responsibility during these unprecedented circumstances, our industry has led the way with effective, empathetic and professional service to all those needing to navigate their way through situations they never thought they would see in their lifetime.

In the last three weeks I have received many emails and phone calls from both landlords and tenants praising the efforts of our industry to help alleviate their stress and hardship. Over the coming weeks and months this will not change, and until we receive a clear directive from Government, your efforts to continue to assist your clients is the lifeline that many will need to "come out the other side".

The Institute will continue provide industry updates, government directives and COVID-19 information as soon as it is to hand. We will continue to work with Compliance Canberra to ensure that regulations introduced are practical for implementation and we will continue to lobby the ACT Government for further funding and assistance for our industry to ensure the property sector "comes out the other side" in the best position possible.

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# HOW TO BUY THE UNBUYABLE

We're starting later, it's costing more-  
is the property dream unreachable in 2020?



Nitish Kumar



**Once upon a time, let's call it the 80s, the average Australian would buy their first home at the age of 24. Here we are, three decades later, and buying property doesn't occur until we're 35. Why is that? Is it thanks to the price of housing in our popular cities, and the militant discipline required to save a gigantic deposit? Or is it that we've decided to 'live a little' in our twenties, choosing renting and share-housing over striving to attain our first property asset? And is property still the asset class it used to be? Let's discuss.**

The conflicting of growth between housing prices and income is a significant hurdle for Australian borrowers. Flat income growth is making the task of saving for our first homes or growing our property portfolios, particularly in capital cities, seem unachievable. A survey of the sentiment of those born between 1976 and 1990 revealed that to be true - getting over the first hurdle of saving the often-required 20 percent deposit is putting home ownership beyond their reach.

Yet, property remains the goal for many... and perhaps rightly so. Despite the challenges, the great Australian dream remains a staple of our ambition. A Genworth survey found 94 percent of us say it is important. Not surprising, afterall, the advantages of home ownership are numerous. The wealth creation aspect is a big one. For someone born in 1950, who purchased a house at the age of 30 (in 1980), the value of the average Australian property

has risen by whopping 187 percent. And this is a unique asset class in that, unlike shares, bonds or cash it provides you with stability in the form of shelter. There are, as we well know, significant tax advantages too; exemption from capital gains tax (CGT) being a notable one.

But the deposit hurdle is a big one - and as a result we're less likely to buy and more likely to rent, which has become the norm for over 30 percent of the population. In fact, between 1981 and 2016, home ownership rates among 25 to 34 year olds fell from more than 60 percent to 45 percent.

Are there easier ways in?

Given the expectation of the housing market's continued growth, Australians want in, but it's not that simple. There are a few ways to make the process more achievable. Some are well known, others less so. Some are well established, others are quite new. So let me share a few.



### 1. Go green for a discount

Launched only last month, borrowers will be able to get a discounted home loan rate if they buy or build a property that meets high energy efficiency standards. Your property will need to meet a minimum seven-star energy rating to access very attractive low interest rates from 2.44 percent.

### 2. New grant for first timers

As part of a government promise, first time buyers (albeit only the first eligible 10,000 of them) you will only need a 5 percent deposit to make a property purchase, rather than the common 20 percent. The scheme was launched on 1 January and has already been very popular, so act quickly!

### 3. Share a slice of property

Entrepreneurs are creating alternative ways to enter the market. Fractional property investment is a growing option, enabling investors to purchase a smaller fraction of a property. Investors receive income from the rent charged at the property or any capital returns that are accumulated once the property is sold or when they sell their investment portion.

### 4. Centralise debt to eliminate it

It now takes a typical household about 8.7 years to save a 20 percent home deposit. You can get there quicker - and you're much more attractive to lenders - if you're not paying off multiple debts and interest, and you have a plan.

Consolidation is crucial. I work with a lot of clients to bring all their debts into a central location. It's a great way to keep debt in check, and pay it down with determination.

And it seems debt elimination is a goal for many Australians. In November 2019, Australians reduced their balances owing on credit cards to their lowest point in 13 years. The figures equate to an 8.26 percent drop from November 2018. If credit card debt is a focus for your clients, I can help make it easier for them to pay it down. Just ask.

**Can your clients buy property this year? With a little out-of-the-box thinking, yes, they can.**



# CONSIDERING A NEW TRUST ACCOUNT AUDITOR?

With your trust account audit now completed for another year, now is the best time to review your processes to ensure that this runs smoothly every year. Nexis Accountants and Business Advisors can help you with your trust account audit by taking a proactive approach to assist you in complying with your obligations now. Contact us to receive a no obligation quote for next year now so you are well prepared.

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It shows you how important it is to buy in the right suburb because you can change the wealth dynamics of your family if you see your home is earning so much more than you can in wages.

## THE ONLY CANBERRA SUBURB WHERE YOUR HOUSE EARNS MORE THAN YOUR INCOME



**Jessica Taulaga**  
Allhomes

**allhomes**

**New data has revealed the suburbs across the nation where homes earn more than their inhabitants' household income and, out of 84 suburbs, only one from the ACT made it on the list.**

An analysis of Australian Bureau of Statistics and Domain data looked at the dollar increase in median property prices across Australian suburbs with more than 50 sales, comparing 2019 to 2018, and to their correlating annual household income post-tax.

Conder is the only Canberra suburb where your house earned more than the suburb's household income.

The figures showed that Conder houses were earning \$7179 more than the suburb's post-tax annual household income of \$90,821. The median household income of Conder is \$124,314.

The Domain House Price Report for the December quarter 2019 found Conder also had the highest median house price growth out of all ACT suburbs at 16.9 per cent year-on-year to a median house price of \$678,000.

Domain senior research analyst Dr Nicola Powell attributes Conder's growth to the Canberra's "sluggish wages growth".

"Wages growth has been sluggish for about half a decade now and we are seeing the household balance sheet suffering because of that," she says.

Despite this, Powell noted that Canberra has the second-highest income in the nation, only just behind Darwin.

Independent Tuggeranong principal Will Honey said Conder was often "undervalued", compared to its neighbour Gordon.

"Gordon is the higher-yielding suburb in the Lanyon Valley, yet Conder has the same features with large blocks of land and houses, but I think it's beginning to change."

19A Abrahams Crescent in Conder is currently on the market for \$600,000+. According to Honey, Conder's proximity to Tuggeranong and Woden town centres, parks and amenities are a big drawcard for home owners, including first-home buyers.

"The further away you are from the Canberra CBD, the more bang you get for your buck," he says.

"There's a really good shopping centre in the Lanyon Valley and it's a tight-knit community ... everything you need is within a short distance. There are restaurants, cafes and grocery stores."

First-home buyer Jack Doust and his partner bought a single-title townhouse



## ACT and surrounding NSW suburbs where your house earned more than your income

Suburb	State	Annual household income Dec-19	Post-tax annual household income	Median house price Dec-19	Annual property growth	How much more your home earned
Conder	ACT	\$124,314	\$90,821	\$678,000	16.9%	\$7,179
Yass	NSW	\$82,661	\$64,249	\$495,500	15.4%	\$1,751
Burradoo	NSW	\$97,450	\$73,897	\$1,712,500	12.3%	\$116,603

in Conder for \$440,000 in March, 2019. He said he was surprised by the latest figures, but relieved that he had bought into a suburb with capital growth.

"There was a lot of competition in the market when we were house hunting," Doust says.

"At the start, everything that was listed within our price range would go for \$20,000 more than we had budgeted for."

Doust said he had his eyes set on buying in Canberra's south because "it had Canberra's cheapest areas ... and was known as the first-home owners' dream on that side of town".

While Conder was the only ACT suburb where homes earned more than the household income, just across the border in NSW, Yass made it into the list.

31 Shaw Street in Yass is currently on the market for \$695,000-\$730,000. With

a median house price of \$494,500 and post-tax annual household income of \$64,249, Yass houses earned \$1751 more than their owners.

"Yass is what I call the 'commuter town'," Powell says.

"Many people live in Yass and work in Canberra, and you can obviously get a lot more value for money in Yass. I think the strong price growth is a result of buyers trying to search for more value for money and looking into these country towns."

The next closest town to the ACT that featured is Burradoo in the Southern Highlands. With a median house price of \$1.712 million and post-tax annual household income of \$73,897, Burradoo houses earn \$113,603 more than their owners.

13/29 Year Street in Burradoo has a price guide of \$1.51 million - \$1.525 million.

According to Powell, 60 per cent of Burradoo homes are owned outright. This could be attributed to its older demographic or retirees who have lived there for a long time, "since they have all this equity within their homes," she says.

"Burradoo is a great example. It illustrates that if you purchase in the right area, you can see substantial growth in your home versus what you can actually earn in a year. This is just a year's growth in a home, but if we look at the last five to 10 years, it'll be much higher," she says.

"It shows you how important it is to buy in the right suburb because you can change the wealth dynamics of your family if you see your home is earning so much more than you can in wages."

# LOCAL HEROES

## CONGRATULATIONS



**Holly Komorowski**

Winner of the 2019 Agent of the Year at the REA Excellence Awards.

**Hannah Gill**

Winner of the 2020 ACT Medium & Large Business Winner at the Telstra Business Women's Awards.



**The Ricky Stuart Foundation**

REIACT'S 2019 Awards for Excellence Charity Auction Winner Burgess Rawson.  
Stan Platis REIACT Deputy President, Ricky Stuart, Guy Randell, Principal Burgess Rawson.



# REIA

REIA NATIONAL AWARDS  
FOR EXCELLENCE

# ACT WINNERS



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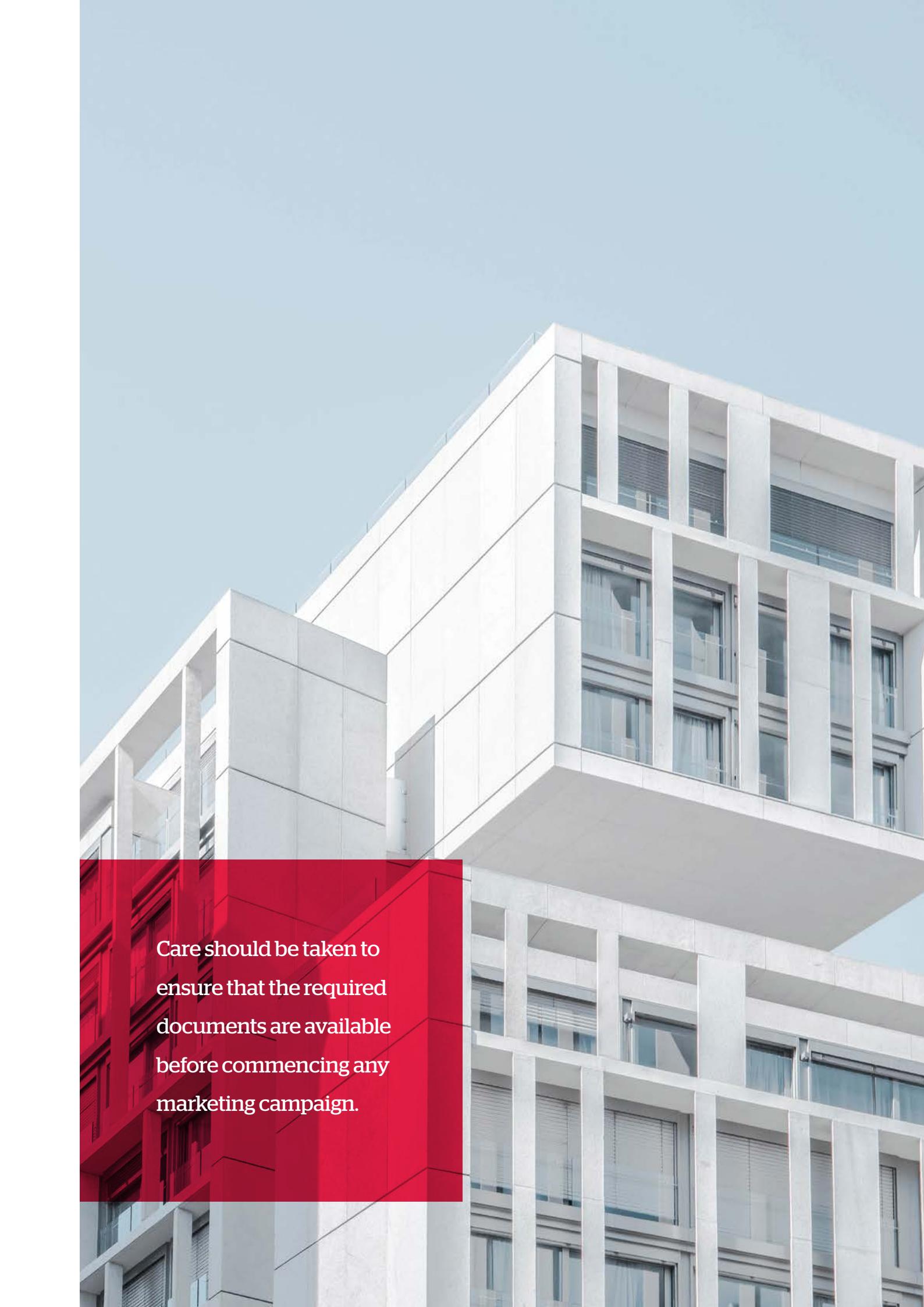
## independent

**INNOVATION AWARD**  
**INDEPENDENT**

The REIACT would like to congratulate the Winners in the 2020 REIA National Awards for Excellence announced on 25th March 2020. Our Institute members and their staff continue to demonstrate their exceptional industry knowledge, best practice and professionalism to the rest of the nation.

The Institute would also like to congratulate our ACT Finalists in the following categories:

Achievement Award	Ravi Soni	Laing+Simmons Commercial Property (ACT)
Business Development Manager of the Year	Lyn Fairweather	L J Hooker Gungahlin
Commercial Agency of the Year	Colliers International (ACT) Pty Ltd	
Community Service Award	Independent	
Large Residential Agency of the Year	Independent	
Marketing and Communications Award	Independent	
Medium Residential Agency of the Year	McGrath Dickson	
Operational Support Person of the Year	Natalie Mills	McGrath Dickson
Residential Property Management Team of the Year	McIntyre Property	
Residential Sales Team of the Year	Our Team - Mark Larmer, Aaron Lewis & Tania Butler-Kemp	Independent Inner North & City
Residential Salesperson of the Year	Peta Barrett	L J Hooker Kippax
Small Residential Agency of the Year	En Vogue Property Management	

The background image shows a modern architectural structure with a light-colored facade and large windows. A solid red rectangular graphic is overlaid on the left side of the image, containing white text.

Care should be taken to ensure that the required documents are available before commencing any marketing campaign.

# 'COMING SOON'- AGENT INVESTIGATED FOR INCORRECTLY ADVERTISING OFF THE PLAN PROPERTY



**Benjamin Grady**  
BAL Lawyers



**Pei Chow**  
BAL Lawyers



**Yes, the title did grab your attention (or so we had hoped) but no, this article does not relate to an existing investigation or that an investigation is to be conducted.**

As many readers would be aware, it is an offence for an agent, or a salesperson who is employed by an agent, to offer residential property for sale **if** the required documents (referred to below) are not available at the agent's place of business **and** available for inspection by a prospective buyer when an offer to buy the property may be made.

The meaning of **offers residential property for sale** is defined under the *Agents Act 2003 (ACT)* to include circumstances where an agent or salesperson, expressly **or by implication**,

indicates that the property is for sale, offers to sell the property or invites an offer to buy the property.

The use of the words **or by implication** give a broader meaning to the phrase **offers residential property for sale** meaning that an agent or salesperson only needs to imply that the property in question is for sale. That is, the agent does not need to state specifically that the property in question is for sale.

Again, as many readers would already be aware, there appears to be a growing trend for agents and salespersons to market off the plan residential properties as 'coming soon' or 'upcoming'. Usually with a stylish and colourful design concept attached. Perhaps on Twitter or Facebook? Maybe on Instagram. Whatever the case may be, these types of advertisements likely fall within the scope of the phrase **or by implication**. These types of advertisements clearly tag the property as being for sale with the construction of said property to be completed 'soon' or 'upcoming'. For what other reason would a developer, agent or salesperson incur such marketing expense or techniques other than to indicate that the property is for sale? Where property is marketed in this fashion, the required documents **must** be available at the agent's place of business **and** available for inspection by the buyer. A failure to do so can lead the agent and/or the salesperson incurring a hefty fine of \$8,000.00 for an individual or

\$40,500.00 for a company. In addition, agents and/or salespersons found to have committed the offence may be subject to occupational discipline by the Commissioner of Fair Trading.

What are the 'required documents' you might ask? Well these are set out under the *Civil Law (Sale of Residential Property) Act 2003 (ACT)* and include a copy of the following:

- The Crown lease.
- The current edition of the certificate of title.
- The deposited plan.
- Any encumbrance that is shown on the certificate of title.
- The lease conveyancing enquiry.
- (for an off the plan unit) a plan showing the proposed location and dimensions of the unit.

With the changes brought about by the passing of the Unit Titles Legislation Amendment Bill 2019 this will (shortly) also include, for an off the plan unit:

- a disclosure statement; and
- a building management statement.

Whilst new marketing techniques and advertising mediums are now available, agents and salespeople must beware these are still captured by the *Agents Act 2003 (ACT)* and care should be taken to ensure that the required documents are available before commencing any marketing campaign.



# Mind the MITA



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



**Under the *Real Estate Industry Award*, where an employer wants to engage a sales agent on a commission-only basis, they need to ensure that the agent meets a range of qualifying criteria. Importantly, they must achieve the Minimum Income Threshold Amount (MITA). So what exactly is the MITA? And what are the key things employers need to know to ensure compliance with the *Real Estate Industry Award*?**

## WHO IS ELIGIBLE TO BE EMPLOYED ON A COMMISSION-ONLY BASIS?

To be engaged on a commission-only basis, a sales agent must satisfy all of the following criteria. They must:

- Be engaged in either property sales or commercial, industrial or retail leasing at the Real Estate Employee Level 2 (Representative Level) or higher. They cannot be engaged at the Real Estate Employer Level 1 (Associate Level), as a casual or junior, on a part-time arrangement 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 the 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
- Establish they have achieved the MITA.

## WHAT IS THE MITA?

The MITA is the income target that must be satisfied if a sales agent is to be lawfully engaged on a commission-only basis.

It is assessed at 125% of the agent's minimum award rate of pay for their classification, calculated as an annual amount (excluding statutory superannuation and allowances, such as car and phone).

# Do you employ commission-only sales agents? If you do, you need to know about the Minimum Income Threshold Amount (MITA) and the mandatory annual MITA review.

## HOW MUCH IS THE MITA?

On 1 April 2020, the MITA for a Real Estate Employee Level 2 (Representative Level) is \$56,214.

An agent can only continue to be employed on a commission-only basis if they meet the MITA.

## WHAT EVIDENCE IS NEEDED TO SATISFY THE MITA?

The employer may rely on any one of the following documents as proof that the MITA has been satisfied:

- The agent's Individual Payment Summary (formerly known as the Group Certificate)
- The agent's pay slips
- The agent's commission statement records or other sales records.

The employer can also request that an agent provide a statutory declaration stating the veracity of any documentation relied upon for the purposes of satisfying the MITA.

## WHAT IS THE ANNUAL MITA REVIEW?

The *Real Estate Industry Award* requires employers to conduct a mandatory annual review to determine if their commission-only sales agents can continue to be paid on a commission-only basis.

This annual MITA review ensures commission-only agents meet the Minimum Income Threshold Amount.

## WHEN MUST THE ANNUAL MITA REVIEW OCCUR?

The timing of a commission-only agent's mandatory annual MITA review will depend on their date of commencement with the agency as a commission-only employee.

- **Agents engaged prior to 2 April 2018** – Where a commission-only agent was engaged on or before 2 April 2018, their first annual MITA review had to occur by 1 April 2019. Subsequent reviews will be on 1 April each year thereafter. The next review, therefore, must take place by 1 April 2020. For example, Jane is a commission-only salesperson and started with ABC Real Estate on 4 November 2017. Her first mandatory annual MITA review had to occur by 1 April 2019 and subsequent reviews for Jane will be on 1 April each year thereafter.
- **Agents engaged after 2 April 2018** – Where a commission-only agent was engaged after 2 April 2018, their annual MITA review must take place 12 months after their date of employment as a commission-only agent. For example, Henry was engaged as a commission-only salesperson with XYZ Estate Agents on 25 July 2019. His first mandatory annual MITA review will be on 25 July 2020. Subsequent reviews will be on 25 July each year thereafter.

## WHAT IF AN AGENT FAILS THE ANNUAL MITA REVIEW?

If, after the annual MITA review, a commission-only agent's gross income (excluding statutory superannuation and allowances) is found to be less than the MITA, they cannot continue to be employed on a commission-only basis.

If an agent continues to be employed on a commission-only basis after failing an annual MITA review, serious consequences may flow for an employer, including penalties for breach of the *Real Estate Industry Award* and underpayment claims.

Where a commission-only agent fails their annual MITA review, the employer has two options:

- **Immediately move the agent to a salaried arrangement** – This means the agent is entitled to receive a minimum award wage, allowances and other entitlements. An agreed commission structure may be included in the arrangement, though this isn't mandatory.
- **Take steps to terminate the employment** – A commission-only agent can be terminated where they fail an annual MITA review, but only after following a formal performance management process. If an employer terminates the agent without conducting this process, then terminating their employment will carry significant risk; for example a potential unfair dismissal claim.

## THE BOTTOM LINE

If a commission-only sales agent does not satisfy the annual MITA review, they are disqualified from continuing to be paid on a commission-only basis.

*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 more than 1600 members and subscribers across Australia. Each year, REEF receives more than 18,000 calls from real estate employers needing help and guidance on matters affecting the employment relationship.*

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

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



Recent research by the 'Climate Risk' consultancy predicts that if global warming continues at its current rate, a number of properties could end up being uninsurable.

## COULD CLIMATE CHANGE AFFECT YOUR INSURANCE?

**With the effects of the nation's bushfire crisis impacting local industries and businesses across Australia, experts are suggesting that the unprecedented early fire season is due to climate change. The climate crisis is bringing more intense drought and episodes of severe fire weather than ever before.**

### What does this mean from an insurance point of view?

Global warming is said to be compounding climate risks like flooding, coastal inundation, bushfires, drought-induced subsidence risk and wild weather.

Recent research by The 'Climate Risk' consultancy predicts that if global warming continues at its current rate, a number of properties could end up being uninsurable. The research also suggests that global warming could increase the potential cost of property damages in the future (assuming all potential risks are insured) by 55%<sup>1</sup>.

### Which parts of Australia are most likely affected by climate change?

Climate change is super-charging Australia's natural disaster risks. For instance, throughout November

2019, fires have been burning in places and at intensities never before experienced. Whole rainforests in Northern New South Wales and tropical Queensland have gone up in flames, as have the formerly wet old-growth forests in Tasmania.

Early bushfires haven't been limited to New South Wales, Queensland and Tasmania, with parts of South Australia also affected. By the beginning of November last year, Australia had already lost about as many homes as during the disastrous 2001-2002 bushfire season<sup>2</sup>.

Those who take out insurance for their homes or businesses should check their policies cover natural disasters like bushfires, flooding and cyclones.

### Tips to ensure your assets are adequately protected:

- Check your policy to make sure your property and contents are insured for the right amount it would cost to replace your possessions.
- When considering the rebuild cost of a property, take into account extra costs, including demolition, debris removal and compliance with modern building codes.
- Get familiar with your policy documents so you know exactly what you can claim and what you can't.

- Don't wait until it's too late - upgrading or changing your insurance cover once an extreme weather event (like flood, bushfire or cyclone) has been predicted is too late. Insurers will generally have embargoes in place preventing affected postcodes from placing new or additional coverage.

A reputable insurance broker such as Coverforce (the preferred insurance broker for REIACT) can assess your risks and provide personalised advice on the right insurance program to protect your business and assets. As Australia's largest privately-owned insurance broker they have the buying power and independence to assist businesses in obtaining reliable cover and value for money.

Contact Coverforce today on **02 9376 7979** or visit **coverforce.com.au** to find out more.

### References

1. <https://www.insurancenews.com.au/local/queensland-dominates-climate-change-hotspots-study>
2. <https://www.msn.com/en-au/news/australia/this-is-not-normal-whats-different-about-the-nsw-mega-fires/ar-BBWxUfn?ocid=spartandhp>

*The information provided in this article is of a general nature only and has been prepared without taking into account your individual objectives, financial situation or needs. If you require insurance advice that is tailored to your specific business or individual circumstances, please contact Coverforce directly.*



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Insurance

# solutions.

For REIACT members

**Get great value, reliable cover to protect the financial future of your real estate business.**

Coverforce can assist you to protect against the full scope of risks faced by a real estate office operating today.

Our typically recommended coverage for your industry includes:

- > Professional Indemnity Insurance
- > Workers Compensation Insurance
- > Management Liability Insurance
- > Office Insurance
- > Cyber & Privacy Insurance.

Through our industry knowledge and global insurer network, our brokers deliver great value cover that is tailored to your individual needs.

We provide a personalised service. You'll have direct contact details for your broker for risk advice and policy administration throughout the year.

## Why choose Coverforce?

- > Coverforce is Australia's largest privately owned insurance broker with more than 50% of our current clients in the property and construction industries.
- > We have been giving insurance advice to real estate agencies for more than two decades and are the preferred providers for many franchises throughout the country including LJ Hooker and Laing + Simmons.
- > Should a claim arise, we'll be by your side. Our highly experienced in-house claims team will work with the insurer on your behalf to ensure you receive your full entitlement without delay.



**Coverforce are proud to be your REIACT preferred insurance broker.**

Contact us to experience the Coverforce difference today.

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# ENLISTING A BUYER'S AGENT TO SUPPORT YOUR BUYERS

# BUYER'S AGENT



A skilled buyer's agent can bring their expertise to work with the buyer to give them confidence in their purchasing decisions.



**Claire Corby**  
Capital Buyers Agency



**Partnering with a buyer's agent for an auction can help you on many levels with your listings. Rather than spending your busy Saturdays with one lead in the hope that they'll purchase on auction day, you can work with a buyer's agent to get a better outcome for both you and your future client.**

Buyer's agents can work alongside you to support your buyers who may be looking to sell in the near future. Buyers are often fearful of the auction process and lack understanding of how an auction occurs or what to do when different situations unfold, and often they unfold very quickly. Having an experienced buyer's agent with them can make all the difference between some confident decisions and making stressed, rushed choices under pressure.

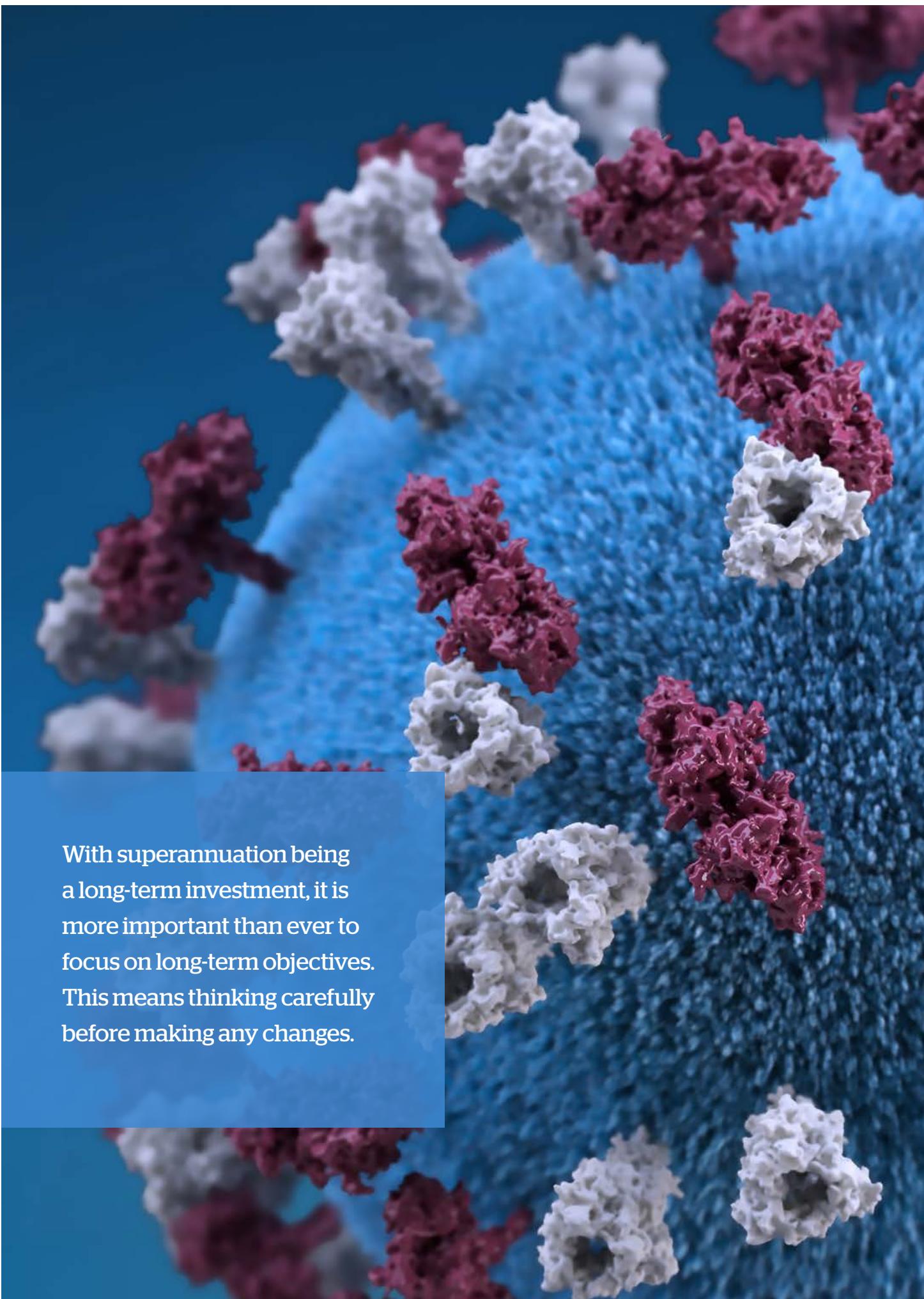
Possibly the worst outcome is when buyers lack clarity. If they've lost the auction, they feel frustrated, disappointed and are often looking for someone to blame. Many an agent has had a call on Sunday from an emotional buyer who's changed their mind and now wants to pay more after it's exchanged. But there's also the buyer who feels pressured into the purchase and is now distraught and panicked that they've paid too much. Both outcomes are negative experiences that can be avoided.

A skilled buyer's agent can bring their expertise to work with the buyer to give them confidence in their purchasing decisions. They'll manage the buyer's emotions and expectations, explain the process and likely scenarios leading up to the auction date, assist with pricing and importantly gain insights into the campaign with the sales agent.

This all takes time that as a busy sales agent, you simply don't have to spare. Saturdays are hectic enough without adding time to bid at auction when you're watching the clock to make your next open home or have vendors waiting for you at their auction.

As true buyer's agents never sell property, you can be assured that there's no conflict of interest. In my experience, buyers greatly appreciate the professional recommendation and it builds trust with the client, the agent, and the industry as a whole. The buyers feel fully supported in their purchase as you're no longer wearing all the hats; torn between your time working on a sales campaign or listing appointments instead of patiently coaching a buyer through the other side of the transaction right through to settlement. By enlisting the help of a buyer's agent to support your buyers, you're free to focus purely on your vendors and being seen as an expert in your field.

A professional buyer's agent will respect the referral. Once your client has purchased, you'll be able to guide them through your sales process. By freeing up your time to focus on sales, you're better able to spend your energy where it maximises your return – achieving a great sale for your vendors.



**With superannuation being  
a long-term investment, it is  
more important than ever to  
focus on long-term objectives.  
This means thinking carefully  
before making any changes.**

# WHAT DOES THE CORONAVIRUS MEAN FOR YOUR SUPER? SHOULD YOU BE DOING ANYTHING?



**During these uncertain times, its trusted, honest information and guidance on investment performance that you need.**

**REI Super are committed to keeping its members and community updated on COVID-19 and your super and have developed an Information Hub with quick links and summarised information, updating this page regularly as the situation changes.**

[www.reisuper.com.au/covid-19](http://www.reisuper.com.au/covid-19)

## Investment markets and super

Since the start of the market volatility (from 21st February) we have seen markets whipsaw up and down within a single trading day. While there have been days where share markets have recorded material losses, there have also been days where markets have bounced from the previous day's lows.

Given this environment, the performance of the portfolios has also been variable.

It is important to remember that one of the benefits of investing your super in a diversified portfolio, is that the underlying investments have different risk and return drivers, which means that they can behave different to each other.

It is impossible to attempt to predict how long or how severe the coronavirus episode will be. It is likely that investment markets will be volatile until we see a peak in the number of infections.

## What does history tell us?

From Black Monday in 1987 to the GFC in 2008, the stock market has faced a number of landmark declines. It is, however, vital to remember the cyclical nature of investment markets, as each of these periods of volatility was followed by another of growth and recovery.

While no two downturns are the same, the message then is the same now: don't panic.

In the period following the GFC, between 1 March 2009 and 31 May 2016, ratings agency SuperRatings found that REI Super was one of only eight superannuation funds to achieve an accumulated return of more than 100 per cent on its Balanced option. In other words, we were one of only 8 funds to have doubled our members' money over the period – and that's even without the benefit of contributions.

Our Balanced option achieved a 100.6 per cent accumulated net investment return\* between 1 March 2009 and 31 May 2016. Past earning rates are not an indicator of future earning rates.

## What next?

With superannuation being a long-term investment, it is more important than ever to focus on long-term objectives. This means thinking carefully before making any changes. REI Super members have access to professional and cost-effective advice as part of their membership, so call the Member Helpline on 1300 13 44 33 if you need to discuss the investment strategies that are appropriate for you.

Disclaimers: \* The benchmark is the median super fund balanced option, as reported in the SuperRatings Crediting Rate Survey June 2016

Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance. Past earning rates are not an indicator of future earning rates. The investment returns of REI Super are not guaranteed, and the value of the investment may rise or fall.

The information contained in this article does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REI Super advises that REI Super has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Members should obtain and read the Product Disclosure Statement for REI Super before making any decisions. REI Superannuation Fund Pty Ltd ABN 68 056 044 770 AFSL 240569. RSE L 0000314 REI Super ABN 76 641 658 449 RSE R1000412 MySuper unique identifier 76641658449129 March 2020.

# RENTAL BONDS



## RENTAL BONDS



**Domenic Dichiera**  
Senior Director  
Business System



ACT Revenue Office

Since 2017 the ACT Revenue Office has been progressively transforming its business to digitise its services to the public. In particular, the Rental Bonds business transformation started with a new Rental Bonds Portal launched in late 2018, which allows managing agents and private lessors to lodge bonds and request refunds online.

Agents and lessors no longer need to complete paper or web-based forms; nor do they receive paper mail when ACT Rental Bonds send them notices and receipts – they now receive these via email.

At the conclusion of 2019, some 30,000 bonds lodged prior to the release of Portal were migrated and are now available for agents and lessors to request refunds online.

### So what's next?

Of course, the job's not yet finished – nearly 70,000 tenants currently interact with ACT Rental Bonds to have their refunds processed using paper forms. Completing the digital transformation in 2020 will see new online services in the Portal for tenants.

Tenants will gain access to the Portal through their **ACT Digital Account** and then be able to request a refund, provide their bank account details and

dispute deductions lessors or agents want to claim from their bond.

In what will be a new digital capability for the ACT Revenue Office, the Rental Bonds Portal will be able to notify tenants via SMS when an agent or lessor has lodged their bond or requested a bond refund. Tenants will then be able to respond to refund requests using their mobile phones. This means that, in cases where a refund is not disputed and all tenants on the bond respond on the same business day, a bond refund can be in a tenant's account the very next business day.

Further information about the ACT Rental Bonds Portal is available on the **ACT Revenue Office website**.

A photograph of a modern skyscraper with a glass and steel facade. The building is angled, showing multiple levels of windows. The sky is filled with white and grey clouds. A dark purple rectangular overlay is positioned in the lower-left quadrant of the image.

Agents and lessors no longer need to complete paper or web-based forms; nor do they receive paper mail when ACT Rental Bonds send them notices and receipts - they now receive these via email.

# CANBERRA REGION



Guy Randell



**As a commercial property investor, have you looked outside Australia's 'big three' cities recently?**

While investors could be forgiven for focusing their attention on Sydney, Melbourne and Brisbane, savvy buyers are casting their eyes a little further afield.

And for those who land on Australia's capital, they're reaping the rewards of a location that's primed for exceptional growth in the coming years.

Here's why Canberra could be the smart money for investors and developers.

## POPULATION

Population growth remains one of the single greatest drivers of property demand, and the ACT is booming.

Canberra's population topped 420,000 in 2018 and is growing at the second-

fastest rate nationally at around 2.2%, according to Australian Bureau of Statistics figures, and is expected to hit 500,000 within a decade.

Suburbs such as Moncrieff and Lawson are epicentres of that boom, with the number of residents swelling by as much as 181%, the ABS data shows.

For investors and developers, more people means greater demand for the services and businesses that occupy commercial property, in turn driving up value.

It's a trend that has already manifested in the region's residential rental market, with Canberra now the most expensive capital city in Australia in which to rent a home, according to Domain data – even more expensive than Sydney. Rents are



now rising three times faster than the national average, such is the impact of exceptionally low vacancy rates.

## INDUSTRY

A city's commercial property strength is not only measured by how high it can soar during a boom period, but also on how vulnerable it is to a potential downturn.

And on that score Canberra is arguably positioned better than anywhere else in the Australian market, for one key reason.

While other markets are reliant on transient resources and industries such as mining and tourism, Canberra's number one industry is government, which in itself provides economic stability.

Government leases underpin a significant portion of the city's office market, while supplementary services that support government functions continue to generate demand for commercial property.

Further, Canberra's unemployment rate is the lowest in Australia at just 3.2%, while the average salary is almost \$200 per week higher than the average across Australia, according to the Bureau of Statistics.

## DEVELOPMENT PROJECTS

The significant level of development currently in the pipeline in the heart of Canberra cannot be understated.

At present there are dozens of development projects approved, under construction, proposed or in the planning stages across the territory, and particularly in and around the heart of the city.

The most significant, The Barracks, represents \$500 million worth of apartments and retail on London Circuit, while the nearby \$300 million Constitution Place development will include 20,000sqm of government office space, a 132-room Adina Apartment Hotel, a further 11,500sqm of offices, plus a dining precinct. Mixed-use developments such as DKSN will change the face of Canberra's commercial property landscape, with new residences along with state-of-the-art offices, retail, restaurants and other amenities. Other developments, worth billions of dollars combined, will see new hotels, retail precincts, residential towers, hotels and office space further transform the city.

The sheer number and scale of the developments underway across the city demonstrates a clear confidence from developers in the long-term future and growth potential of the Canberra market, and underlines the increasing demand for commercial property.

## GREATER REGIONAL AREA

While Canberra and its suburbs are experiencing remarkable growth, in truth it's the wider Canberra region that is exciting the industry.

The region's population is nearing 700,000 and is projected to hit one million by 2056, marking it as one of Australia's most important growth regions and spiking future demand for property.

With the tender process for the long-awaited Barton Highway now underway, providing better links between NSW's southern tablelands and the ACT, the state is increasingly accessible and poised to trade on its location just three hours from Sydney and two hours from the coast.



# WHAT DOES BEING AN AUCTIONEER ADD TO BEING A SALES PERSON



**Sandra Masters**  
LJ Hooker Kippax

**Some days it feels as though I have been in real estate forever, and with over 17 years (and almost half my life!) in the industry, it's probably not that far from the truth! However, what I have always loved about this crazy world we call real estate, and what gets me out of bed every day excited to go to work, is that there are no two days that are ever the same. There is always something new to learn, something new to challenge yourself with.**

Auctioneering became that new challenge for me. I use this challenge to sharpen my skills as a listing agent and add value to my clients and my day to day business and life.

When I was a rookie, I found introducing a property at the auction as the listing agent was exciting, but nerve racking and I wanted to push my comfort zone even further. Nothing takes the fear out of something than doing something ever scarier. In fact, the very first time I presented a property for sale, I slipped off stage and crashed spectacularly in front of a large crowd! This became my mantra when learning to call auctions “well, nothing can be as bad as that!”. I believe if you take the fear away, you can do anything.

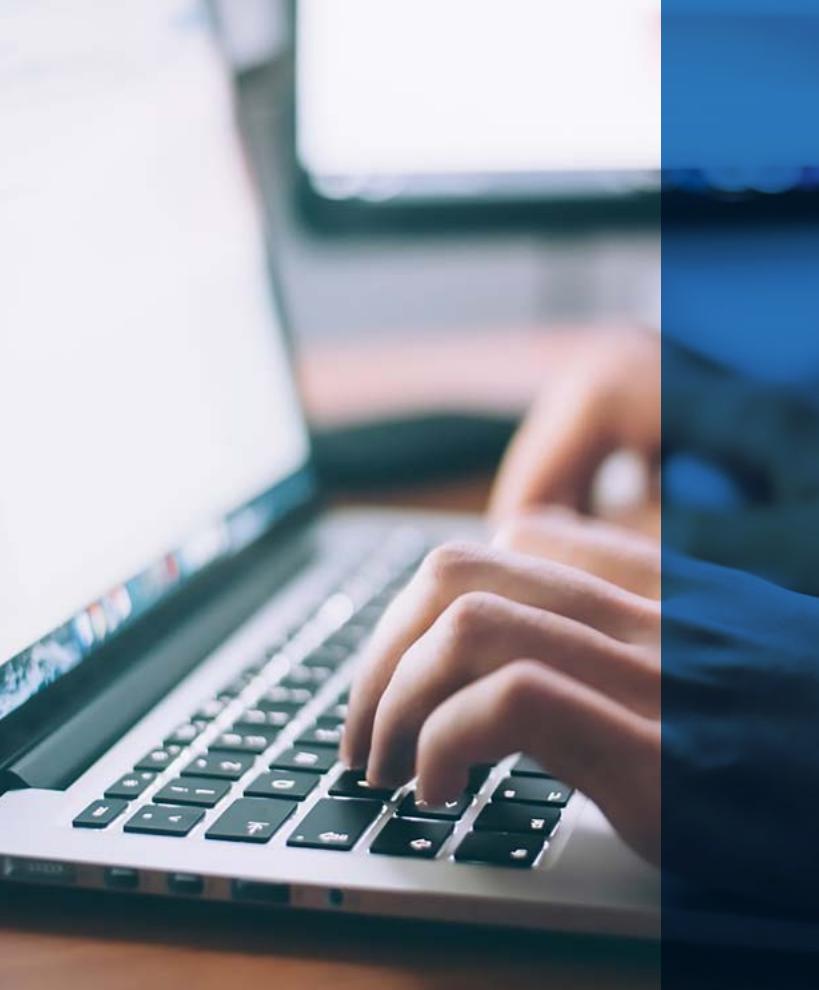
Calling an auction builds confidence and allows you to present the vendors home in the best way possible to a crowd. It makes your interactions more genuine and heartfelt, and most importantly, passionate and unscripted.

Being good at real estate, is more than being able to just ‘sell’. We need to be good at building relationships, get a thrill from helping people, be good at reading people (sometimes being a good psychologist!), have a good gut instinct, and let’s be honest, enjoy the hunt and close of a good deal.

Being a good auctioneer is no different! Gone are the days of pushy, dominating, aggressive auctioneers, that simply counted the numbers (usually after the scribe wrote them down!) and brought the gavel down at the first sign of the bidding slowing. Now, watching a good auctioneer is like watching a skilled conductor in a band. You have to be able to read the body language and energy of the crowd, read the bidders emotions, and use well-honed social intelligence skills – when to push, when to release pressure, when to be loud, when to be soft.

Being an auctioneer allows you to take these skills to the next level, adding another layer of experience to your sales person career. It is more than just being ‘good at public speaking’, something we hear far too frequently.

I still operate as a full time salesperson as well as an auctioneer (plus business owner, office manager, trainer and Mum!) so it is important for me that the skills and strengths be transferable and compliment the many hats I wear, not clash. I truly believe becoming an auctioneer has only added depth and experience to my existing sales career and I am excited to see where it takes me from here!



Developed, tested and proven time and again over many years, REI Forms Live agreements and forms have been drafted with your interests in mind - to provide you with the best protection.

## REI FORMS LIVE COMPLETES MY CONNECT INTEGRATION



**Offering Connection Services to your clients has been made easier with the integration of My Connect into Real Estate Institute of the ACT's online real estate agreements and forms system, REI Forms Live.**

REIACT CEO Michelle Tynan said the strategic partnership between My Connect and REI Forms Live would benefit agents who use the system.

"Simple and easy to use agents can utilise the new integration by using information they have entered into Residential Tenancy Applications and Residential Tenancy Agreements to send a direct lead to MyConnect.

### Getting Started

Getting started with MyConnect and REI Forms Live is simple. After finalising a Residential Tenancy Agreement or Residential Tenancy Application in REI Forms Live, a prompt for My Connect will appear. Information is transferred directly from the form with a click is sent to My Connect for action.

My Connect said the integration allows agents to offer their prospective tenants a quick and efficient solutions to all their connections needs with a simple click of a box.

### Tried, tested and legally compliant

As the peak industry bodies, the Real Estate Institutes are your most trusted source of accurate, comprehensive and compliant agreements and forms. They are legally compliant and are 100% backed by the Real Estate Institutes.

Developed, tested and proven time and again over many years, REI Forms Live agreements and forms have been drafted with your interests in mind - to provide you with the best protection. They are continually reviewed and revised to incorporate legislative changes and user feedback.

You can rely on the fact that our agreements and forms will protect you and your business.

# Utilities Connected?

MyConnect has partnered with **REI Forms Live** to make it even easier for tenants to get all their utilities connected for free when they move.

## Benefits



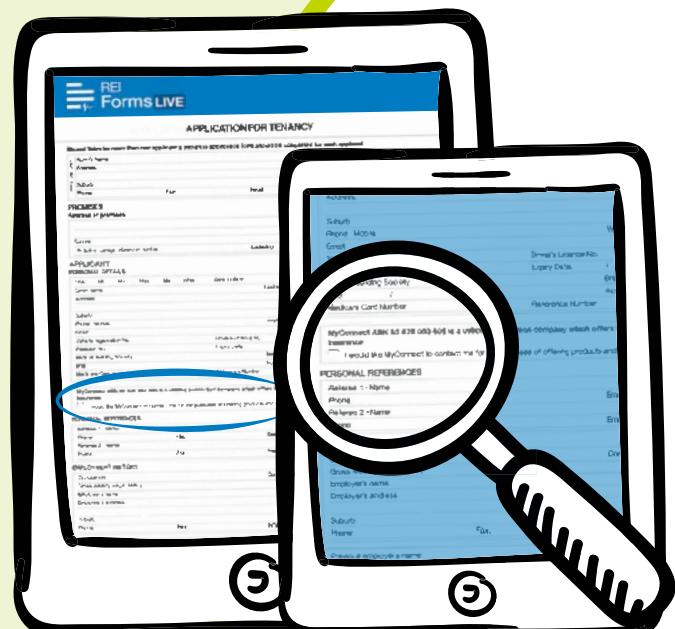
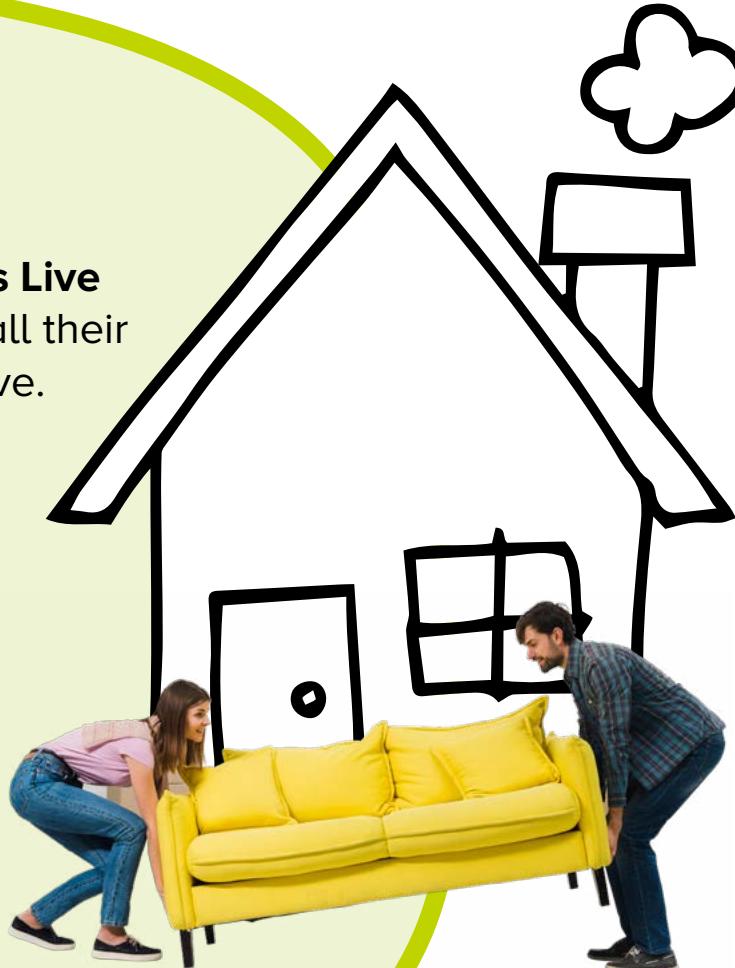
**Easy opt in** to MyConnect's service when tenants fill out an application with REI Forms Live.



**Streamlined process** for both Tenant and Property Manager: MyConnect contacts the tenant directly and takes care of the entire utility connection process.



**Confidentiality guaranteed:**  
Tenant's information is protected and secure under a privacy clause within the application form.



## Why tenants choose MyConnect



### Independently owned and operated

MyConnect have been making life easier for movers since 2006.



### Only 12 minutes..

...and one phone call to get all your client's utilities connected.



### Choice

We partner with the best so your client can choose a service provider & plan that suits them.



### Free

MyConnect's service is completely free with absolutely no catches.

# INDUSTRY DATA



## IMPROVING THIRD PARTY DATA



**Australian Government**  
**Australian Taxation Office**

**The ATO is continuing to expand the information we collect from third parties in order to identify people with rental income who may not be reporting their income correctly, or including capital gains when they sell a property.**

You may have seen recent media about the ATO obtaining data from sharing economy platforms this year. This will be legislated from 2022, so that information will be sent through on an ongoing basis. This isn't the only data the ATO obtains about properties. We also receive property sale and purchase data, financial transactions information and rental bond data from each of the States and Territories.

As a real estate agent, the details you input when completing a rental bond application is vital to ensure the ATO is able to match information to the correct landlord. Supplying this information initially to improve the rental bond records will reduce future work load for

real estate agents, where the ATO may need to verify ownership and contact information on properties they manage for their clients. Correct information includes the property owners name and address, contact phone number or email address, dates the bond was lodged and or refunded, as well as your own practice details as the listed agent.

With over 75% of investors claiming deductions for property manager fees, the ATO is working with real estate software providers to test the property manager end of year financial reports. This is done to determine whether the information can be used to help people report their rental income and expenses correctly.



## CASE STUDY

A 37 year old Queensland physiotherapist has a rental property located in the outskirts of Sydney, and lodged his first rental schedule in 2019. The landlord declared income of \$520 for the year, advising the rent for the property was \$10 a week. A review of the rental bond records showed the property had been rented since 2009 with an average rent of \$650 per week. The taxpayer will be receiving a substantial debt and penalties for failing to report this income.

# NSW RESIDENTIAL TENANCY ACT CHANGES 23RD MARCH, 2020



## WHY THE CHANGE?



**Rosalie Douglas**  
Real Mastery  
Consulting



**The changes aim to improve tenants' renting experience while ensuring managing agents and landlords can effectively manage their properties.**

The changes include:

- Statutory document to be signed by landlord prior to lease signing.

- Statement confirms landlords understand their obligation under the agreement.

### FIT FOR HABITATION

- Agents must declare premises be structurally sound
- Have adequate natural/artificial lighting
- Have adequate ventilation
- Be supplied with electricity/gas with sufficient
- Outlets
- Have adequate plumbing & drainage
- Have hot & cold water for drinking & washing

### SMOKE ALARM COMPLIANCE

- The Owner must ensure annual checks by authorised installer/repairer are carried out

- Must ensure working at beginning of tenancy
- Repairs to smoke alarms must be repaired within 2 days (including replacing battery)

**There have also been considerable changes to the requirements**

- For charging a tenant water usage
- For dealing with Domestic Violence
- For disclosure of new material facts
- For the disclosure of landlord personal details
- For Quiet enjoyment of tenant

AND MORE

**BE SURE TO BOOK YOUR TRAINING SESSION NOW WITH ROSALIE FOR YOUR SKILLS ONLY OR SOME CPD POINTS (hours) CAN BE ATTACHED.**

# Protect your client's rental property and income



## Landlord insurance from just \$1 a day\*

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

- ◆ Loss of rent
- ◆ Malicious and accidental damage by tenants
- ◆ Theft by tenants
- ◆ Flood, storm and water damage
- ◆ Damage by pets
- ◆ May be fully tax deductible

**Call 1800 804 016 or visit [terrischeer.com.au](http://terrischeer.com.au)**

Australia's Leading Landlord Insurance Specialist



**terri scheer**

\*Across Australia, 71% of Terri Scheer customers paid \$1 or less a day for their Landlord Insurance Policy. Premium is based on all Terri Scheer Landlord Preferred and Landlord Self-Managed Insurance policies purchased or renewal in the 6 months 1/7/2018 – 31/12/18, inclusive of taxes. Conditions and legibility criteria apply. Consult your tax advisor in relation to tax deductibility of premium. Insurance issued by AAI Limited ABN 48 005 297 807 AFSL 230859 trading as Vero Insurance. In arranging your insurance, Terri Scheer Insurance ABN 76 070 874 798 AFSL 218585 acts under authority given to it by Vero Insurance. Read the Product Disclosure Statement before buying this insurance and consider whether it is right for you. Call 1800 804 016 for a copy.

# REIA UPDATE



**Adrian Kelly**

REIA President



**The REIA Board is in the process of updating its suite of Policies and in April will be holding its inaugural Policy Congress whereat the first suite of Policies will be debated and agreed upon. As part of the Congress, the REIA Board will be formulating its very first Climate Policy.**

The devastating bushfires of the summer just past has highlighted a trend of more natural disasters of greater severity over an ever increasing area. Australia's science agencies have told us that we can expect more extremes into the future, longer disaster seasons, and compounding events.

Whilst the impact at the regional level is significant, to date the impact on the national property sector has been minimal. But if the trend continues this may change.

With the matter a topic of public debate the REIA Board agreed at its December 2019 meeting for the issue to be considered at the Policy Congress.

The cost of natural disasters in Australia is estimated by the Australian Business Roundtable for Disaster Resilience & Safer Communities to reach \$39 billion by 2050. Fires in populated areas can, as has been seen this summer, cause billions of dollars of losses in a few hours. Such losses will not be without impacts on property markets, at least in regional areas.

Whilst past disasters have resulted in higher insurance premiums in affected areas – largely in the northern parts of Australia – the longer term implications could include insurers leaving the market, uninsurable property, loss in property values, negative equity and inability to obtain finance in some locations. With this, REI members could see less market activity. There might be a role for Government, for example to address any market failure to ensure that markets for insurance remain competitive.

Insurance is an important risk management option for homeowners.

Insurers use the location risk, age of the building, construction materials

and availability of firefighting water and any mitigation features to set premiums. The risks for each block of land are calculated. As such the premiums for houses either side of the street can vary considerably.

In 2015 the Productivity Commission found that insurance markets in Australia for natural disaster risk are generally working well, and pricing is reflecting risk. Since then, however, the market has changed considerably.

Where insurers have left the market, less competition also drives up premiums. It is expected that some high risk areas in Australia will become uninsurable unless those risks are reduced.

The recent bushfires will have an impact on property prices. The extent and timing of the impact will depend on the state of the market in the suburb prior to the bushfires as well as how badly they were affected.

Major natural disasters shift behaviour in regard to where households choose to live. The appeal of living in risk prone areas diminishes the more regularly disasters occur, pushing households away from building and buying property in at risk areas.

I look forward to sharing the REIA's new Climate Policy with REIACT members as also other updated Policies.

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\* Consider a fund's PDS and your objectives, financial situation and needs, which are not accounted for in this information before making an investment decision. Assumes initial salary of \$50,000 and starting account balance of \$50,000. Comparison modelled by SuperRatings, commissioned by ISA Pty Ltd. Modelled outcome shows average difference in the net benefit of REI Super and the retail super funds (Retail super funds include bank owned and other retail) tracked by SuperRatings with a 5 (133 funds), 10 (67 funds) & 15 (44 funds) year performance history to 30 June 2019, taking into account historical earnings and fees of main balanced options. This excludes contribution, exit, insurance fees and additional adviser fees. No adjustments have been made to the figures to take into account the effect of inflation on purchasing power since this time. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund. February 2020

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