

Real Estate Institute of
Victoria
Annual Report

2017- 2018



REIV

PRESIDENT'S REPORT

The REIV's mission is: *"To enhance the professional excellence of our members and their businesses to the benefit of the communities they work within, and to advocate and represent their interests."*

The strategic developments and operational improvements made by the REIV over the past year have all been undertaken with the mission statement firmly in mind. This approach of focusing on the REIV's core reasons for being will continue and is reflected in the strategy statement for 2018-2021, accompanying strategic goals flowing through into the operational projects being taken forward by the REIV team and also reflected in individual staff objectives.



This clarity of purpose, clear line of sight and the results that have been achieved in the past year were made possible through hard work, collaboration and the commitment of all Directors, management and staff to ensuring a successful future for the REIV; a member organisation that not only engages, represents, supports, develops and adds real value to all current Members and their businesses, but grows its membership and evolves to reflect wider political, economic, social, legal and technological developments.

A particularly notable achievement in the past year was the successful resolution of the Rebate Statement issue. Corrective retrospective legislation to protect agents' commissions was included in the Justice Regulations Amendment Act which ultimately received royal assent on 25 September 2018 after intensive lobbying by the REIV. I commend the REIV's CEO, Gil King, for his leadership in achieving this result. Had this matter not been resolved the implications for REIV members and their businesses, the wider real estate sector and the REIV itself would have been profound.

This was not the only matter on which REIV exercised its voice on behalf of members and the industry as a whole. 2017-18 was a year of unprecedented change and reform for the real estate and property sectors. REIV's efforts bore fruit with a number of significant wins on a range of legislative changes and their implementing regulations.

An important outcome from all this lobbying activity, much of which happens behind closed doors for good reason, is that the REIV is increasingly viewed by Government, the Opposition and other key stakeholders as a credible and respected representative body and influencer. Not only this, but the REIV is increasingly called upon by the media as a leading commentator on the Victorian property market.

Maximising the value of the REIV's advocacy and representation work is a strategic goal and the focus of activity in 2018-19 will be influenced by the outcome of the 2018 election. The REIV is, necessarily, apolitical - supporting good policy regardless of its origins. This is reflected in the REIV's *Election Platform Document* published in mid-October 2018. Positive working relationships have been developed with the Government, Opposition and cross benches and these will continue to be nurtured to deliver an appropriately balanced legislative environment that enables REIV members and the Victorian real estate sector as a whole to flourish.

A core function of the REIV and another of its strategic goals is focused on elevating professional standards and establishing career pathways for REIV members. This is being addressed at strategic and operational levels and from various perspectives – discipline, compliance, continuing professional development and training, including consideration of the pros and cons of professional standards schemes, whether state or federal. This strategic goal must not be

rushed, and the focus has rightly been to ensure a robust base from which to grow. This has included: implementation of a transparent and consistent process for managing Member disciplinary matters, protection of the REIV's status as a Registered Training Organisation and engaging with other State Real Estate Institutes and Government on the new training package.

Businesses that focus solely on their outward facing goals and pay little regard to the internal health of the organisation, do so at their peril. REIV Directors take their fiduciary duties and the responsibilities vested in them by members very seriously. The Board is pleased, not only with the transformations that have been achieved in the past year in financial management, risk mitigation, organisational structure and culture, but also with the CEO's ongoing focus on continuous improvement, transparency and best practice.

The financial performance of any organisation is an important indicator of its overall health. The REIV is in good shape. The REIV and its Controlled Entities, which include Propertydataonline Pty Ltd and Realestateview.com.au Ltd for a part of the financial year, recorded a net profit after tax of \$284,567 (2017: \$780,478 Loss) for the year ended 30 June 2018. The audited financial statements for the REIV and its Controlled Entities are attached to this Annual Report. On 12 September 2017, Realestateview.com.au Ltd ceased to be a subsidiary of REIV as the REIV's shareholding fell below 50%. As such, the financial statements of Realestateview.com.au Ltd have not been consolidated into the REIV financial statements for the year ended 30 June 2018. The REIV remains in a strong financial position with net assets of approximately \$19.2 million (2017: \$19.5 million) and an increase in cash and cash equivalents to approximately \$2.2 million at 30 June 2018.

As part of the evolutionary development of the REIV, the Board is paying attention to the overall corporate governance framework to ensure that it supports rather than inhibits the achievement of REIV strategy. A first step this year was to redefine Division boundaries and define the function, scope and duties of Divisions, Chapters and their Committees. A priority for 2018-19 will be a thorough review of the Constitution. The process will include engagement with Members on principles and proposals ahead of formal consideration at the 2019 AGM.

On behalf of the Board, I thank all REIV Members for your passion for our industry, your feedback and input to committees, consultations, events and competitions, and your continuing support for the REIV.

Thanks must also be extended to the CEO, his Management Team and all staff for their commitment and endeavour in turning strategy into reality.

Finally, the contributions of all REIV Directors must be recognised, noting in particular: Richard Simpson who provided exemplary leadership as the 2017-18 President; Additional Directors Andrew Logie-Smith and Sam Tamblyn who served on the Board until October 2017 and September 2018 respectively; and Brian Ward OAM who brought a wealth of governance, commercial and legal experience to the Board. The recruitment of two independent Additional Directors is underway, with the aim that their skills and experience will complement and supplement those of serving Directors and support the achievement of the REIV's mission and strategic objectives.

2017-18 was a busy year and the REIV is well placed strategically and operationally for the year ahead. I look forward to working with my fellow Directors, the CEO and his team and REIV Members to continue the REIV's evolution.

A handwritten signature in black ink, appearing to read 'Robyn Waters', with a flourish at the end.

Robyn Waters

CEO'S REPORT

I am pleased to report that the REIV financial position has improved over the past 12 months with a profit for the 2017-18 financial year having been recorded, evidencing a strong turnaround from the previous two financial years. Last year I was confident that the financial position of the organisation would improve and this optimism has borne fruit.



This turn-around has been achieved not least through organisational redesign and continued cost control which are delivering increased efficiencies, savings and operational effectiveness. The REIV asset base has reduced slightly as a result of accounting adjustments to ensure the correct recognition of tax liabilities, intangible assets and deferred revenue. At the same time, our cash position is much stronger than in 2016-17 and the 2018-2019 budget is for strong growth in revenue and net contribution. This will enable the REIV to continue with our strategy of delivering value to our members through investment in resources and services including *"Find a Member"*.

The external challenges faced by the real estate sector in 2017-18 continued on from the previous year where the political environment required a strong refocus on our advocacy work.

It was evident that the review of the Residential Tenancies Act 1997 (RTA) would be a key focus for the Andrews' Government with strong announcements being made by the Premier himself in the lead-up to the Northcote by-election. While there were some acceptable and meritorious proposed amendments, the REIV continued to argue that the overall package lacked balance. Some concessions were made along the journey, however the driving force of government was always likely to win the day.

The increased level of REIV advocacy around the RTA with engagement with the Government, Opposition and crossbenchers has seen the profile of the REIV rise significantly across all party lines. This put the REIV in a strong position to work with the next Government, regardless of their political persuasion. The REIV is not partisan and does not support or oppose any political party. We do, however, support or oppose policies on their merits and advocate strongly for or against policies to achieve the best outcomes for our Members and the real estate industry as a whole.

Last year I reported on the Government's legislative impact assessment on the removal of Section 27 of the Sale of Land Act regarding the early release of deposits. The REIV has strongly opposed changes to this provision and has consulted with both the Director of Consumer Affairs Victoria and the Minister of Consumer Affairs. We will resume our lobbying in 2019.

More than 12 months on from the implementation of the new price quoting laws, we know that there remain both matters to be ironed out and substantial confusion in the industry about how best to comply with this comprehensive legislation. Despite raising issues with Consumer Affairs Victoria in late 2017 our concerns were not officially sought until early 2018. As yet, none of the matters that we have raised have been resolved and we continue to provide evidence of systemic failure and uncertainty in this space.

A major shock reverberated through the real estate sector when it was discovered that there was an issue with the Rebate Statement contained within authorities. The REIV worked with Government to introduce retrospective legislation to protect the interests of all real estate professionals whether REIV Members or not. This matter was widely reported in the media as being an REIV issue alone; nothing could be further from the truth. Many agency and/or lawyer

prepared authorities did not comply as they too relied upon the published CAV Director's form of the Rebate Statement. The Government worked with the REIV and the REIV alone on this issue and we were able to secure an outcome to resolve the matter with announcements made by the Minister for Consumer Affairs.

The REIV is committed to raising the level of professionalism within the real estate industry and our future focus will be strongly geared in that direction. Our priorities over the past year have been, not least, on compliance to safeguard the REIV's status as a Registered Training Organisation, improving the quality of our accredited courses, ensuring the relevance of our Continuing Professional Development offerings and developing the accessibility of all our learning and development services.

Other matters on the agenda for the next year include a full Constitutional review and consequential procedural and operational changes, some counter action against disrupters - both to protect our Members and enable appropriate exploitation - and a strong focus on Victoria-wide Member engagement.

By this time next year, the value proposition for active and beneficial engagement with the REIV will be clear and widely known by all current and prospective Members.

I would like to thank the REIV Board of Directors for their continued support and the REIV team for all their hard work this year.

A handwritten signature in black ink, appearing to read "Gil King", with a long horizontal stroke extending to the right.

Gil King

2017-2018 HIGHLIGHTS

POLICY

During the period covered by this annual report, the Government announced a series of legislative changes, which are outlined below.

Rebate Statement

None were more important to the real estate industry than the amendments to the Estate Agents Act to protect real estate agents' commissions. The REIV worked tirelessly to ensure that this legislation was introduced to the Parliament in a timely fashion and that the legislation applied retrospectively.

Residential Tenancies Act

The Andrews' Government announced 14 reforms to the Residential Tenancies Act 1997 (RTA) in October 2017. Key changes to the legislation included the removal of the 120 day 'no specified reason' notice, limiting landlord rights to end a fixed term tenancy, allowing tenants to make property modification, allowing pets, and capping bonds to four weeks rent. The REIV engaged with members and worked closely with Members of Parliament and CAV to address unintended consequences of many of the proposed amendments. The proposed reforms and REIV's position received significant media attention. While the Residential Tenancies Bill was passed on 6 September 2018, the commencement date has yet to be proclaimed. There will be a period of consultation on the regulations and this process could take up to 18 months. The REIV will participate actively in this process, engaging with Members throughout.

Residential Tenancies Act (Long Term Leases) 1997

The REIV's feedback to Government on its draft prescribed long-term tenancy amendments was accepted. The REIV urged Government to mandate the use of prescribed long-term agreements for all tenancies of more than five years.

Consumer Property Law – Estate Agents Act 1980, Sale of Land Act 1962, Corporation Act 2006, Conveyancing Act 2006

The Government announced wide-ranging reforms to consumer property law. To date, with the exception of the Owners Corporation Act 2006, the remaining Acts have not been amended. The REIV supported the majority of reforms in the Owners Corporation and Other Acts amendment Bill 2018. However, REIV urged CAV to introduce a licensing regime for those operating in the sector with higher entry standards essential for increased professionalism.

Major reforms in the legislation included: prohibiting pooling accounts, increased public liability for common property to \$20 million for one claim, prohibiting unfair terms in Owners Corporation manager contracts, reducing the maximum size of Owners Corporation Committees to seven and introducing a four-tiered system for Owners Corporations.

Underquoting

The REIV provided considerable feedback to CAV on the Director-approved forms and supporting material that were introduced as part of the 2017 underquoting reforms. Twelve months on from the introduction of the legislation, the REIV took the opportunity to provide input to CAV to highlight issues with implementation. This included a lack of consistency in customised Statements of Information with numerous commercial forms failing to comply with the requirement to '*not alter the wording, sequence or layout in any way*'. REIV also raised issues regarding the inclusion of the median price. The underquoting laws are seen as metro-centric and not particularly relevant in a regional context and the REIV has requested that CAV allow for the provision of vacant land in the Statement of Information as well as referencing comparable land size in the guidelines.

STRATEGY

The Board finalised its 2018-21 strategy statement, strategic goals and associated performance measures in June 2018. The strategic goals are:

- to mobilise consumers to use REIV members
- maximise the impact of advocacy and representation work
- elevate professional standards
- establish end to end career pathways for members.

Management has developed specific, time-bound projects to take forward these goals. The strategy statement, strategic goals and progress with management projects will be reviewed by the Board in March 2019.

LEARNING AND DEVELOPMENT

Members in Regional Victoria are being better served through the provision of 106 CPD and Agents Representative training days. More are being planned.

There has been an increased focus on supporting Member agencies with staff training through REIV Traineeships. There were 124 traineeships in 2017-18 compared to 40 in 2015-16 and 53 in 2016-17.

MEMBERS

Auction competitions

The annual Senior Auctioneering Competition was held in May 2018. Luke Banitsiotis from Woodards and Michael Wood from Marshall White & Co, were announced as the top two contestants to represent Victoria at the Australasian Auctioneering Championships in New Zealand. Mark Sumich, 3-time Australasian Auction Champion, was invited from New Zealand as the head judge and he also led a workshop for auctioneers.

The Novice Auction competition attracted 21 competitors in the residential category and 6 in the Commercial and Industrial category.

Awards for Excellence

Submissions for the REIV Awards increased by 10% in 2017-18, making the competition even stronger. This year, a new Property Data Sales Agency of the Year award was introduced. This award does not require submissions. All member agencies subscribing and reporting results to Property Data On-Line Pty Ltd (PDOL) are eligible and the award is presented to the agency with the best sales performance and year on year improvement as assessed by the results that they have reported to PDOL.

Communications

A brand review was undertaken and REIV communications now have greater emphasis on building and supporting the principles of knowledge, transparency and trust. The launch of an objective, data based, member search web functionality - *Find a Member* - is a significant step forward. As consumer use of this facility grows, this new service will provide tangible benefits to REIV Members.

Engagement

A CEO led Member Engagement Strategy was implemented in 2017-18 with an initial focus on developing strong enduring relationships with large office members and franchise head offices. Plans are in development for a range of changes to REIV engagement methods that better reflect individual Members' needs and interests and metropolitan and regional differences.

DATA

PropertyData

The sole mission of Property Data On-Line Pty Ltd, a wholly owned REIV subsidiary, is "*To become the leading provider of property related data throughout Victoria*". During 2017-18, the company reviewed its strategy, identifying three primary strategic goals:

- to improve and enhance a best in class property data product;
- increase subscriber numbers and gross profit margins; and
- investigate strategic alliances.

Considerable progress has been made in the realisation of all goals and is set to continue.

MEMBER REPRESENTATION

At 30 June 2018

REIV BOARD COMMITTEES

Finance, Risk and Audit Committee

Richard Simpson Chair
Robyn Waters
Leah Calnan
Noel Dyett
Sam Tamblyn

Board Management Committee

Richard Simpson Chair
Robyn Waters
Leah Calnan
Cameron Way

Estate Agency Practice Committee

John Pratt Chair
Adam Docking
Cameron Way
Andrew Boyce
Troy Guthrie
Ian James
Colin Judd
Carol Robertson
Grace Licciardello-Dunne**

Membership Committee

Cameron Way Chair
Michael Blake
Adam Docking
Noel Dyett
Sophie Lyon
Kate Strickland

Property Data Management Committee

Richard Simpson* Chair
Frank Hellier
Lee Maher
Sam Tamblyn

* *Richard Simpson was appointed as the sole Director of Property Data On-Line Pty Ltd from 23 October 2018.*

** *Grace Licciardello-Dunne stood down from the Estate Agency Practice Committee at the completion of a two-year term of office on 30 April 2018.*

CHAPTER COMMITTEES

Auction

Adam Docking	Chair
Harry Li	Vice Chair
Luke Banitsiotis	
Michael Hall	
Raoul Salter	
Paul Tzamalīs	
Cameron Way	

Business Brokers

Gloria Ammerlaan	Chair
Tony Latessa	Vice Chair
Colleen Danaher	
Amin Badawi	
Jamal Dabab	
Robert Hurst	
Natalie Sirianni	
Robyn Waters (B)	

Buyers' Agents

Ian James	Chair
Melissa Opie	Vice Chair
Mark Brilliant	
Bernard Corser	
Noel Dyett (B)	
Kim Easterbrook	
Mark Errichiello	
Richard Kerr	
Mark Ruttner	
Janet Spencer	
Eddie Van Pamelan	

Commercial and Industrial

Tim Mitchell	Chair
Wendy Thomson	Vice Chair
Bianca Butterworth	
Michael Di Carlo	
Ben Foster	
Marni Lawson	
Gavan Lethlean	
Megan Mander	
Simon Regan	
Richard Simpson	

Owners Corporation

Michael Nardella	Chair
Leah Calnan (B)	
Lee Maher (B)	
Norman Mermelstein	
Adam Mikkelsen	
John Ross	
Allister Schorg	
Alex Starr	
Kate Yeowart	

Property Management

Sam Nokes	Chair
Gina Tobolov	Vice Chair
Sabina Aldouby	
Leah Calnan	
Nikki Jensen	
Rose Koutoumas	
Sophie Lyon	
Christine Steere	
Clem Tralongo	

Rural

Nicholas Walsh	Chair
Justin Barnett	Vice Chair
Michael Blake (B)	
Tim Coller	
Joe McKenzie	

Sales

Lee Maher	Chair
Chris Ewart	Vice Chair
Karen Chernishov	
Tim Heavyside	
Adam Joske	
Andrew Meehan	

APPOINTMENTS AND HEARINGS

For the financial year 2017-18

Presidential Appointments

Rental Determinations

Including requests from the Victorian Small Business Commission for the appointment of Specialist Retail Valuers under the Retail Leases Act.

Applications	43
Appointments	27
Withdrawn	16

Miscellaneous Appointments

Including Family Law, Deceased Estates, Insurance Claims and other residential and commercial disputes.

Applications	45
Appointments	37
Withdrawn	8

Complaints and Disputes

Member to Member

In accordance with the REIV Constitution, By-Laws and Rules of Practice.

Mediations	10
Panel Hearings	0

Public Complaints

Public Complaints opened	122
Closed due to no paperwork received	80
Withdrawn by complainant	2
Referred to CAV	1