



# REIA

REAL ESTATE INSTITUTE  
OF AUSTRALIA

Real Estate Institute of Australia

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Article courtesy of Aon

## Safeguarding key business assets – your people

What would happen to your business if one of your main revenue earners became seriously ill had to retire prematurely as a result of ill-health? How do you find and hire a good quality replacement at short notice? How would you fund the loss of revenue while you find the right person?

Having a 'safety net' to get your business through an unexpected disaster is a critical risk management solution – and properly structured Key Person Insurance can provide this safety net.

Key Person Insurance provides a lump sum to the business in the event of the death, disablement or serious illness/injury of a key person. Insurance premiums are based on the key person's particulars (age, gender etc) and the level of insurance cover required. Your tax adviser can assist with the tax treatment of premiums and benefits.

continued on page 2 >>

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Issue 35. September 2009

## REIA release the Deposit Power Housing Affordability Report



REIA released the Deposit Power Housing Affordability Report on Monday 7 September.

The report, which is a comprehensive and accurate assessment of the of the Australian's to meet the cost of home purchase showed a decrease in housing affordability over the June quarter, despite the Reserve Bank's further reduction in the official interest rate of 0.25 percentage points.

In a media release issued by the REIA and Deposit Power, REIA President, Mr David Airey explained the reason for the decrease.

"To understand why housing affordability decreased over the quarter, we need to look at the contributing factor, median house prices. Median house prices increased nationally over the June quarter, which affected the average loan size, which in turn affected the amount of home loan repayments, offsetting the impact of the lower interest rates levels."

Over the June quarter, the Australian Capital Territory remained the most

affordable state or territory in which to own a home; this is due to the high average weekly income of \$2378.

New South Wales remained the least affordable state or territory in which to own a home, with the proportion of income required to meet loan repayments at 31.1%.

Over the June quarter, the number of first home buyers increased by 19.4%, reaching 54,924; the highest since the September quarter 1991. This is an increase of 94.3% over the year.

"The state and Federal Government incentives for first home buyers appear to have worked in stimulating activity in the low to mid-end of the market. At Deposit Power, applications for Deposit Guarantees remain strong in the first home buyer segment of the market," said National Manager for Deposit Power, Mr Keith Levy.

If you would like to subscribe to the Deposit Power Housing Affordability Report, contact REIA on 02 6282 4277.

## SUBSCRIBE NOW

Click here to subscribe to the REIA Mortgage Choice Real Estate Market Facts June quarter publication - to be released on 14 September 2009.

### This week

REIA Deposit Power Housing Affordability Report	Page 1
Aon article: safeguarding key business assets	Page 1
ABS Housing Finance figures released	Page 2
COSBOA Council meeting	Page 2
Australian Consumer Law Update	Page 2
Bankwest launches Capped Rate Home Loan	Page 3
Proposed e-conveyancing system	Page 3



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## ABS Housing Finance figures released for July

The latest Australian Bureau of Statistics (ABS) Housing Finance figures were released on Wednesday 9 September and as REIA expected, they present no surprises.

Total finance commitments increased by 0.5 per cent in July; the lowest growth since August 2008. Loans for owner occupied housing increased in all states and territories, except Tasmania and the ACT. The figures for the number of loan commitments are now similar to those of two years ago.

The figures also reflect the impact of the decline in first home buyer activity, which decreased from a high of 27.1 per cent to 25.2 per cent; a figure that still remains well above the long term average of 20.1 per cent.

To view the figures for the month of July, [click here](#). To view the REIA's media release on this issue, [click here](#).

## COSBOA Council meeting

The Council of Small Business of Australia held its Council Meeting on Tuesday 8 September 2009.

Issues discussed included:

- [Fair work education and information project](#)
- Small business Online programme
- Paid Parental Leave
- [Do Not Call Register](#)
- Unfair contracts
- [Trade Practices Act Amendment Bill 2009](#)
- Skills and training for small business

The items that are highlighted above have a link to further information.

## Australian Consumer Law Update

The Trade Practices Amendment ( Australian Consumer Law ) Bill 2009 was introduced in the Parliament on 24 June and referred to the Senate Economics Legislation Committee the following day. The Committee released its report on the Bill this week.

The Bill is the first of two tranches focused on consumer protection and targets unfair contracts, in particular terms that cause a significant imbalance in the parties' rights and obligations. The Bill also introduces new remedies and powers to the Trade Practices Act 1974 for consumer protection. The law regarding consumer protection, through the prohibition of misleading or deceptive conduct is not changing. What is changing are the unification of Australian laws and the provision of greater powers to the ACCC and state offices of consumer affairs.

<< *continued from page 2 -*  
Safeguarding key business  
assets - your people

After all, if you had a 'widget' in your store room that produced the same level of income as that key sales person or rent roll manager, it would be insured, wouldn't it?

For more information on Key Person Insurance please call Aon Wealth Management on 1300 723 612.

The information in this article is of a general nature only and individuals should consider their own circumstances before proceeding in reliance on such information.

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## This page

ABS Housing Finance figures released

COSBOA Council meeting

Australian Consumer Law Update

Aon article (cont.)



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Under the Bill a consumer contract is void if a particular term is unfair and the contract is in a standard form. The scope of the Bill is restricted to business-to-consumer transactions.

In the Committee's report there is not one reference to the real estate sector in the discussion on unfair contracts and remedies to misleading and deceptive conduct. The report states that the types of contracts that are most likely to be affected are banking and financial services, utility services, internet, telephone and gym memberships.

It is anticipated that the new law will come into effect early in 2010 following passage through Parliament this year.

### **Bankwest launches Capped Rate Home Loan**

Bankwest has introduced further competition to the mortgage market by introducing its new Capped Rate Home Loan - the only one of its kind in the Australian mortgage market.

The innovative home loan offers customers the benefits of a variable rate that is comparable to the current market average, with the added security of a cap until 10 November 2012. Bankwest's Head of Mortgages Dean Gillespie said the new offering underlined Bankwest's ongoing commitment and determination to provide Australians with more choice by increasing competition in the mortgage market.

To view the media release, [click here](#).

### **Proposed e-conveyancing system**

A proposed National Electronic Conveyancing System (NECS) which has received funding approval of \$550 million from the Council of Australian Governments has lost a major participant in the scheme: Westpac.

The scheme aims to harmonise and automate the processing across the mortgage industry and news that Westpac has withdrawn its participation for the time being has left the scheme without the important industry support that it needs.

## FIND YOUR REI

REIA has eight members, these members are the state and territory Real Estate Institutes.

Your state or territory body can assist you with information which is relevant to being an agent in your state or territory, for contact details, see below:

### **REIACT**

02 6282 4544

[www.reiaact.com.au](http://www.reiaact.com.au)

### **REINSW**

02 9264 2343

[www.reinsw.com.au](http://www.reinsw.com.au)

### **REIQ**

07 3249 7347

[www.reiq.com.au](http://www.reiq.com.au)

### **REINT**

08 8981 8905

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08 9380 8222

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08 8366 4345

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### **REIV**

03 9205 6666

[www.reiv.com.au](http://www.reiv.com.au)

### **REIT**

03 6223 4769

[www.reit.com.au](http://www.reit.com.au)

## What's on next week

- REIA Mortgage Choice Real Estate Market Facts released Monday 14 September 2009.

The authorised editor of this document is Mr Neil Fisher, REIA CEO. If you have any concerns regarding the content of this publication, please contact the editor on 02 6282 4277 or at [neil.fisher@reia.com.au](mailto:neil.fisher@reia.com.au).

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## This page

Australian Consumer Law Update (cont.)

Bankwest launches Capped Rate Home Loan

Proposed e-conveyancing system