

Election Platform Document

Victorian Government
State Election 2018

OCTOBER 2018



REIV

ELECTION 2018 ADVOCACY AGENDA

The Real Estate Institute of Victoria (REIV) is the peak professional association for the real estate industry in Victoria.

Our members specialise in all facets of real estate, including residential leasing and sales, commercial and industrial leasing and sales, auctions, business broking, buyers' agency, property management, owners' corporations and valuations.

REIV represents more than 2300 real estate agencies and almost 5000 individual members throughout Victoria.

These businesses employ more than 15,000 people in Victoria in a market that handles around \$76 billion in transactions totalling 20 per cent of GSP.

MESSAGE FROM THE PRESIDENT

The REIV is committed to supporting Victoria's competitive advantage and economic growth.

Property has underpinned our economic activity over the past decade and we need a sound legislative, policy, infrastructure and funding base around that if we want this to continue.

Strong economic outcomes do not occur in a vacuum. Therefore, the REIV will continue to lobby all sides of politics to influence a healthy regulatory environment prior to the Victorian Election in November 2018.

In addition to our traditional focus on planning, infrastructure and sustainable development, the REIV will lobby political parties to address member concerns about accessing capital, the burden of increasing taxation, cutting red tape and investing in skills and training for our members.

Our priorities are:

- Smart industry: promoting education and employment opportunities
- Retaining and enhancing liveability
- Growing regional Victoria
- The growth of Melbourne's CBD
- Depoliticising the planning system
- Keeping Victoria competitive – property taxes
- Reducing business costs – payroll tax
- Removing legislative impediments to provide a secure investment environment
- Protecting the livelihood and reputation of our members
- Review the regulatory approach to real estate

SMART INDUSTRY: PROMOTING EDUCATION AND EMPLOYMENT OPPORTUNITIES IN THE REAL ESTATE INDUSTRY

The REIV members play a vital role in our community across all facets of the real estate industry including residential leasing and sales, commercial and industrial leasing and sales, auctions, business broking, buyer's agency, property management, owners' corporations and valuations.

While it is a regulated and competitive industry, our members value education and training opportunities and the ongoing improvement of the industry. Over the last two years, REIV has provided further education and training to more than 1000 real estate professionals each year. Our members are seeking more opportunities for further education.

A successful real estate and property industry is reliant on a vocational education and training system (VET) and tertiary education system that delivers quality and work relevant skills and training. Similarly, it is critical that training and ongoing professional development keeps up with an increasingly complex, highly regulated and changing environment in which the real estate industry operates.

The REIV welcomes measures designed to improve training quality, strong performance assessments of training providers and targeted funding to address barriers to training.

The REIV believes the main political parties should commit to building capacity by investing in the education and skills of the real estate industry. This includes strategies such as promotion and market of the value of traineeships, particularly for new entrants in regional areas, increasing the number of real estate agents that go on to further qualifications and develop a mandatory continuous professional development course that is run by the REIV.

The REIV believes these are critical platforms in order to maintain operational proficiency and to increase knowledge in an ever-changing regulatory environment. Maintaining currency of knowledge is of paramount importance and such a program would provide a level of confidence to the community at large as well as to the various regulatory agencies. The program should draw from the expertise of the industry to which it seeks to have application to ensure that the learning is real, relevant and consistently delivered.

The REIV supports the endorsement of the revised qualifications and units of competency for the real estate sector as proposed by the National Property Services Training Package.

While recognising the challenges that might exist in structuring a licensing system around the revised qualifications, the REIV strongly supports the remaking of the Estate Agents (Education) Regulations 2008 to deliver qualifications and units of competency that meets those needs.

RETAINING AND ENHANCING LIVEABILITY

We are the fastest growing city in Australia and we should be embracing the opportunities that growth presents.

Melbourne's reputation as one of the most liveable, multicultural, educational and elite cities in the world has driven this growth. We have become a magnet for people, business, investment, economic and cultural activity.

Our future competitive advantage, economic growth and liveability is now dependent on a series of infrastructure projects.

The true value of these projects will only be realised if Government works in partnership with peak bodies, developers and councils to develop precinct plans that incorporate housing, jobs and soft infrastructure along transport corridors.

Transport projects such as the recently announced suburban rail loop, Melbourne metro rail and the Melbourne airport link open the opportunity for the densification of inner and middle ring suburbs. Similar opportunities exist for parts of regional Victoria.

This will help accommodate the significant population growth Melbourne and Victoria are experiencing.

However, the current planning system does not facilitate delivery of the required housing close to existing transport and community infrastructure.

Political parties must review the relevant planning schemes to prioritise development along transport corridors.

The REIV, in partnership with other peak bodies, advocates the benefits of increasing housing variety and housing supply at the suburban and regional level not only in terms of housing the increasing population but also because that growth and vibrancy attracts business and employment.

Road projects such as the West Gate Tunnel are critical to our State's future and fundamentally required if Victoria is to regain its position as the freight and logistics capital of Australia. A major benefit of this project is that it catalyses the development potential of the urban renewal sites of E-Gate and Fisherman's Bend.

GROWING REGIONAL VICTORIA

The REIV is uniquely positioned to represent interests in Regional Victoria given the network of real estate agents and associated professions in regional towns and centres.

We welcome the significant investment in transport projects as well as soft infrastructure that the political parties have committed to.

To leverage these investments to benefit regional areas, the REIV believes the next Victorian Government should investigate the value of a Parliamentary Inquiry, as there was in NSW, to identify how Melbourne's growing reputation as a global elite city can benefit Regional Victoria.

The NSW Inquiry examined expanding mechanisms around international trade, infrastructure, tourism and innovation and research, through better collaboration across all levels of government, or through more targeted investment of resources regions or industry sectors.

THE GROWTH OF MELBOURNE'S CBD

This is the century of cities; they have never been more important to the national economy, to our national competitiveness as magnets for people, talent, business and investment.

It is imperative that the planning scheme recognises this and does not hold back growth potential.

The REIV believes there is an urgent need to review the CBD planning controls particularly in relation to the commercial building sector.

Melbourne's CBD planning controls should replicate those in place in Sydney's CBD, which is flourishing compared with Melbourne in terms of the commercial office stock pipeline.

Vacancy rates in the Melbourne CBD office market are at ten-year lows. In the meantime, demand for quality commercial office remains at an all-time high.

Through to 2020, the Melbourne CBD will add 450,000sqm of new stock with 64 per cent of that stock already pre-committed. Concern remains about the future pipeline.

Since the commencement of C270 only two commercial developments have been approved in the Melbourne CBD (Victoria Police centre at Spencer Street and Wesley Place on Lonsdale Street).

Strong supply of commercial stock is crucial for our growing population, our ability to attract and retain global companies, jobs, creative people all of which are critical to our competitive advantage.

DEPOLITICISE THE PLANNING SYSTEM

Compared with our international counterparts, our cities are characterised by fragmented planning controls which limits the capacity for metropolitan and regional development.

It is generally acknowledged that for much of the last century our cities were less planned, coordinated and well managed. Our significant population growth, urbanisation and future global competitiveness means that we can no longer afford to be stuck in low planning and low coordination silos.

National policies to shape and manage our cities are essential if the population growth is to be well managed and economic growth maximised.

The REIV acknowledges that the major political parties are responding to future challenges in our cities through enhanced public investment. This now needs to be matched with institutional innovation and a framework for our metropolitan and regional cities.

REIV asks the main political parties to commit to examining models (including in NSW) where planning decisions are made by independent planning panels that remove arbitrary decision making and ensure that planning approvals are subject to a transparent and technical approval process.

KEEPING VICTORIA COMPETITIVE

Taxation on property represents a significant slice of revenue raised by the State Government; around 47 per cent of Victoria's tax income is derived from property.

Victoria's taxation regime is fundamental to our productivity, the ability to attract and retain business and investment and therefore our competitive advantage.

Property is the biggest source of revenue for the Victorian Government with 14 new property taxes introduced in the last three years.

The new taxes include Vacant residential land tax, absentee owner surcharge, removal of off the plan stamp duty concessions and foreign owner stamp duty additional levy.

Absentee owner surcharges and additional duties payable by foreign owners have the potential of making Victoria less welcoming to foreign investment.

Land tax and stamp duty are forecast to continue increasing at rates well above CPI. The tax thresholds have not been adjusted since 2008-09 when property prices were much lower. Revenue from these taxes has been driven by a combination of increasing property prices, bracket creep and increased activity.

The REIV urges the major political parties to reduce their reliance on these property taxes, particularly land tax.

One of the issues with the current tax thresholds and tax rates is that property prices have soared but yields have not increased at commensurate levels, which places a significant burden on landholders. This is particularly true of land tax.

REIV urges the major political parties to commit to reviewing the rates and thresholds for property taxes with a view to achieving lower and flatter property tax rates.

Victoria must have a competitive property tax regime to encourage investment and jobs.

A more efficient tax system will have positive flow-on effects for our economy; it will make housing more affordable, ensure Victoria attracts foreign investment, unlock productivity, create jobs and provide a fairer revenue base for Government.

REDUCING BUSINESS COSTS – PAYROLL TAX

The REIV asks the major parties to commit to increasing the payroll tax threshold from \$650,000 to \$850,000.

The savings for business can be redirected to fund business expansion and therefore job creation.

Real estate agencies are often significant employers in smaller regional towns and regional centres where employment levels, particularly for younger people, are at their lowest, which has major flow-on effects for these communities.

The next Government must collaborate with the REIV to examine ways of offering traineeships and other employment opportunities for young people in the real estate industry. This may include further incentivising real estate businesses in the regions by reintroducing payroll tax exemptions.

REMOVING LEGISLATIVE IMPEDIMENTS TO PROVIDE A SECURE INVESTMENT ENVIRONMENT

There has been a suite of proposed legislative and regulatory change governing the real estate industry over the past 3 years.

REIV has worked constructively with all political parties to ensure the best outcome for its members.

It is important to note that the rental market in Victoria is worth some \$519 billion. This is very significant to the Victorian economy and it must be protected. REIV remains

concerned about the impact of the legislation on that rental market in terms of length of lease terms which are likely to be shorter rather than longer; potential for increased rents to cover any risks associated with the legislation and the likely removal of rental properties from the market.

The REIV is committed to working with the main political parties on a regulatory impact statement and Regulations that will sit alongside the Residential Tenancies Bill 2018 to ensure they are workable. The further period of public consultation on the Bill that could take up to 2 years is welcomed. It is imperative that there is a comprehensive review of the possible impacts of the regulations on the property industry.

REIV is committed to finding a solution to proposed changes to the Sales of Lands Act in relation to early release of deposits. REIV is committed to protecting the interests of people who sell their properties and purchase a new one in a short space of time. Buyers should not be subject of increasing costs associated with bridging finance. That is particularly unfair for older Victorians who look to downsize and should simply not be subjected to mortgage finance and bridging loans.

PROTECTING THE LIVELIHOOD AND REPUTATION OF OUR MEMBERS

The REIV believes the major political parties should commit to repealing Section 55 (4) (b) of the Estate Agents Act 1980 which prohibits an estate agent from selling a property to associated parties. This is unworkable particularly in country towns and significantly affects small businesses by restricting their capacity to receive a fair commission for the work carried out.

Real estate agents in country towns are important linchpins in the community – they are employers, they are sponsors and raise funds for various local projects. The REIV believes a fairer approach is to amend the legislation allowing real estate agents and vendors to sign prescribed approval forms at the outset of the engagement consenting to the arrangement.

The REIV has recognised the unpalatable situation where members and non-members alike are at risk of losing their commission based on a technicality in section 49A of the Estate Agents Act such as was the case with the rebate statement issue. It is imperative that action is taken to repeal that part of the Act that puts agents acting in good faith from having their livelihood at risk through some administrative technicality.

Secondly, a more agile approach to resolving identified issues regarding the issue of ‘underquoting’ is needed. Issues identified 12 months ago and reported to government have not yet been addressed. Approaching two-years into the new legislation there is still much confusion about the administrative and practical elements of the legislation.

REVIEW THE REGULATORY APPROACH TO REAL ESTATE

REIV does not support the regulation and licensing of any property related professions by Consumer Affairs Victoria. The enormous contribution that the property sector makes to the financial health of this state is at risk when the regulator's primary focus is the protection of consumers rather than the effective regulation of and legislative requirements for the sector.

It is imperative that any regulator for the property sector be able to balance the best interests of the industry/profession with consumer protection. CAV by its very nature is not able to this as its first priority is consumer protection. By its very title it is unbalanced against the profession in favour of the consumer.

The REIV advocates for the creation of a Property Services Commissioner overseeing all aspects of the property market including land development, building and construction and the sale and rental of real estate.

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