

REAL ESTATE &  
BUSINESS AGENTS  
SUPERVISORY BOARD

Annual Report  
2008>2009



# Contents

Statement of compliance .....	2	<b>SECTION FIVE</b> Performance indicators.....	38
<b>SECTION ONE</b> Overview.....	3	Certification of performance indicators .....	39
Executive summary – Report from the Chair.....	4	Performance indicators 2008—2009.....	40
Highlights for 2008-2009 .....	7	<b>SECTION SIX</b> Financial statements .....	43
<b>SECTION TWO</b> Organisational structure and profile.....	12	Certification of financial statements.....	44
Organisational profile .....	13	Income Statement for the Year Ended 30 June 2009.....	45
Board organisational chart.....	15	Balance Sheet as at 30 June 2009 .....	46
Board members.....	16	Statement of Changes in Equity for the Year Ended 30 June 2009 .....	47
Board structure.....	17	Cash Flow Statement for the Year Ended 30 June 2009.....	48
Corporate governance .....	19	Notes to the Financial Statements for the Year Ended 30 June 2009.....	49
<b>SECTION THREE</b> Performance management framework .....	20	Appendix .....	81
<b>SECTION FOUR</b> Performance report on services .....	24	REBA 2008–2009 Annual Report – Questionnaire.....	87
Service One: Licensing .....	25		
Service Two: Compliance .....	27		
Service Three: Education and awareness .....	31		
Service Four: Fidelity Guarantee Account .....	34		
Service Five: Home Buyers Assistance Account .....	35		
Auditor General's opinion.....	36		

# Statement of compliance

HON TROY BUSWELL BEc MLA

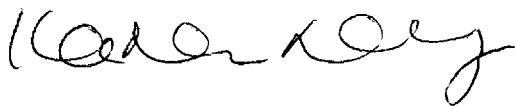
TREASURER; MINISTER FOR COMMERCE; SCIENCE AND INNOVATION; HOUSING AND WORKS

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Real Estate and Business Agents Supervisory Board for the year ending 30 June 2009.

The Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Mark Cuomo  
Chair



Karen Lang  
Member

Dated: 4 September 2009

*Our goal is that the people of Western Australia have confidence  
in the real estate and business broking industry.*



## SECTION ONE Overview

# Executive summary – Report from the Chair

## I am pleased to present for tabling the Real Estate and Business Agents Supervisory Board (the Board) Annual Report for the financial year ending 30 June 2009.

In the 2008—09 financial year the Board's priorities continued to be its core business of regulating the industry, providing education, advice and services of the highest standard and the continual improvement of its systems and skills required in carrying out its role and responsibilities.

The last financial year has been a challenging period for those of us involved in the real estate industry in Western Australia. The global economic downturn's impact on the State and national real estate market has been widely reported and there is now no question that the landscape of the Western Australian real estate industry has changed rapidly.

The past twelve months has seen a decline in the State's property market which has brought with it associated challenges and pressures that many industry members have not encountered for a number of years. Taking this challenging environment into account the Board is generally pleased with the overall level of industry performance and compliance, with there being no real increase in consumer complaints, and only seven matters considered sufficiently serious to commence disciplinary proceedings before the State Administrative Tribunal, and no supervisory applications. From the Board's perspective, the industry has met the demands of this difficult market through hard work and diligence and applauds its overall integrity.

Even though it has been a tough twelve months it hasn't been all doom and gloom in the property market in WA, as first home buyers can attest. Recent figures released from the Australian Bureau of Statistics show that for the last half of this financial year first home buyer activity has been at its highest level since 2001. A combination of the Federal Government's First Home Owner Grant, low interest rates and softening house prices have all been suggested as reasons why there has been such an increase.

The Board administered Home Buyers Assistance Account received a record number of applications in this last financial year. A total of \$9,711,402.49 was paid out to Western Australian first home buyers for the financial period 1 July 2008 to 30 June 2009.

The reporting period also saw the Compulsory Professional Development (CPD) program enter its third year of operation for individual licensed real estate and business broking agents. On 1 January 2009 the Board undertook the major task of extending the program to include all registered sales representatives in Western Australia – a figure totalling approximately 9,500 people.

To assist in the facilitation of the expansion of the program to cater for the massive increase in the program's participatory numbers, the Board began a public tender process and outsourced the development and delivery of the CPD mandatory activities again to three professional registered training providers – West Coast Property Training, Real Estate Institute of Western Australia (REIWA) Learning and Kaplan Professional. The Board also amended the Real Estate and Business Agents (General) Regulations 1979 (the Regulations) to reflect the extension of CPD to sales representatives.

The Board continues to be encouraged by the positive feedback received from the participants of the CPD program and is confident that the main aims of the initiative – to improve the professionalism of industry members whilst increasing consumer confidence in the overall industry – are being, and will continue to be, met.

As the State's regulatory body responsible for the licensing of industry members the Board has followed closely the Council of Australian Governments (COAG) initiative to develop a national trade licensing system. COAG's stated objective in establishing the National Licensing System (NLS) is to remove overlapping and inconsistent licensing regulation between state jurisdictions, thus paving the way for an improvement in Australia's workforce mobility and a subsequent improvement in Australian business efficiencies and competitiveness.

# Executive summary – Report from the Chair

Under the NLS a person or business will be able to apply for a national real estate licence that would be applicable Australia wide. The Board is actively involved in the continuing consultative process with the COAG Skills Recognition Steering Committee and, to date, has submitted three information papers in response to COAG's NLS proposals. In addition the Board attended four COAG meetings.

The Board, with its considerable accumulated industry and regulatory experience, believes its continued input into all areas of the proposed new system is vital and stands prepared to continue to contribute positively in the establishment of a workable national trade licensing system.

The Board was also involved in the successful lobbying of the Federal Government which sought an exemption for real estate agents from the fee to access the Guarantee Scheme for statutory accounts that regularly hold amounts in excess of \$1 million. The Deposit Guarantee Scheme was introduced in October 2008 to provide a guarantee for deposit balances totalling over \$1 million per customer and was created to promote financial system stability in Australia at a time of considerable turbulence.

It is a requirement of the *Real Estate and Business Agents Act 1978* (the Act) that all licensed agents who hold a triennial certificate conducting real estate transactions must maintain at least one trust account in which to deposit trust monies. Many of these trust accounts have balances in excess of \$1 million and consequently agents who opted into the Guarantee Scheme were liable to pay the fee. The Federal Government decided that statutory trust accounts would be exempt from the fee to access the Guarantee Scheme as of 1 April 2009.

In line with the Board's commitment to improving its online services and making the information it provides more accessible to industry and consumers, a number of improvements were made to its website during the last reporting period. These improvements included the addition of content dedicated to auditors and the CPD program as well as the deployment of icons and images to improve ease of navigation throughout the website. The Board also commenced the publication of certain policy statements relating to its statutory functions and activities on its website.

The information found on the Board's website is subject to a review process that is continual and cyclical, with a full review cycle concluded every financial year. The aim of the review process is to continually improve the accuracy, clarity and conciseness of the website and ensure its content remains easy to access and understand.

The Board's use of electronic communication was further developed with the issuing of its first editions of the REBA e-Bulletin. The e-Bulletin project has been initiated to take advantage of the instant distribution and accessibility that electronic communication creates and provide an educative resource to industry members that can be quickly and easily digested. To date eight issues have been distributed to industry members via their email address and the feedback received in relation to the new initiative has been largely positive.

The 2008—09 period saw the departure from the Board of member, Mr Michael Hoad. Mr Hoad served on the Board from December 2002 until November 2008. I would like to acknowledge with gratitude the valuable contribution he has made as the REIWA nominated member over the six years he served as a Board member and thank him for his time and effort. The Board welcomed Mrs Renate Brown as his replacement. Mrs Brown was previously a deputy member to Mr Hoad since 2003 and has extensive knowledge and experience of the real estate industry and the Board looks forward to her continued valuable participation.

Mrs Brown was joined by a new deputy member, Jennie Bryant who was appointed as the deputy REIWA-nominated member until 2012. Other new deputy members included Ms Michelle Jenkins, the deputy commercial member to Mr Ken Bradley, and Dr John Hockley, the deputy legal practitioner member to Ms Karen Lang. Ms Lang and Mr Bradley were re-appointed as members of the Board from November 2008 to November 2009.

At this point I wish to mention the re-election for the sixth time of the Board's longest serving member, Mr Bill Goddard. Mr Goddard has served on the Board as its industry elected member since 1989 and continues to bring to it a wealth of industry experience and knowledge. His dedication to his position on the Board and enthusiasm for the industry in general is irrefutable and greatly valued.

# Executive summary – Report from the Chair

To conclude I would like to gratefully acknowledge my fellow members of the Real Estate and Business Agents Supervisory Board, Board staff and the staff of the Real Estate Branch of the Department of Commerce, and thank them for all their continued hard work and support in assisting the Board achieve its goals in 2008—09.

I look forward to another year of focussed and busy activity for the Board in 2009—10.



Mark Cuomo  
Chair

Dated: 4 September 2009



# Highlights for 2008-2009

## Board and other proceedings

During the reporting period of 1 July 2008 to 30 June 2009 the Board:

- convened for 21 Board meetings;
- considered 199 Fidelity Guarantee Account claims over 21 meetings;
- 58 interviews were conducted for licensing applications;
- commenced seven disciplinary proceedings against agents or sales representatives in the State Administrative Tribunal (the SAT); and
- appeared before the SAT on 23 occasions.

## Achievements

In 2008–09, the Board achieved the following outcomes:

- 257 new licence applications processed;
- 899 applications for new sales representative registrations processed;
- 1006 applications for real estate licence renewals processed;
- 152 conciliations commenced;
- 153 conciliations completed;
- 379 new general compliance investigations commenced;
- 348 new qualified audit investigations commenced;
- 369 new qualified audit investigations completed;
- 48 new trust fund investigations commenced;
- 4,949 Home Buyer's Assistance Account grants approved were the highest to date totalling \$9,711,402.49;
- 282 proactive compliance visits of real estate agencies conducted, of which 58 were in regional Western Australia;

- received 31,392 telephone enquiries to the Real Estate and Settlement Advice Line, of which 96 per cent were answered in 40 seconds.
- 12 industry seminars for agents were conducted;
- 154 mandatory CPD seminars were conducted and funded by the Board;
- five elective CPD regional seminars were conducted by the Registrar;
- 101 claims lodged against the Fidelity Guarantee Account; and
- 286 claims finalised against the Fidelity Guarantee Account.

## Industry seminars

The Board conducted a total of 12 industry seminars in Perth and regional areas for real estate and business agents (including five elective CPD and one auditor seminar) focusing on legislation and compliance issues. Feedback from these seminars was positive, with participants commenting on the usefulness of the information presented.

Topics covered by the seminars included:

- National Trade Licensing System
- *Real Estate and Business Agents Act 1978* (the Act) and Code of Conduct for Agents and Sales Representatives (the Code of Conduct)
- theory and practice of reconciling trust accounts;
- trust account case studies;
- trust account auditing guidelines; and
- guidelines on the Offer and Acceptance document.

# Highlights for 2008-2009

## Significant compliance issues

Of the matters investigated by the Board during 2008—09, the following cases consumed the most significant proportion of its resources:

### Mr Charles Parrella t/as Charles Parrella & Associates

The fallout from the Mr Charles Parrella defalcation continues. In March 2007 the Board closed the agent's business following allegations of substantial misappropriations from the trust accounts, and obtained orders in the State Administrative Tribunal (the SAT) authorising it to appoint a supervisor to wind up the business. The Board also took disciplinary action in the SAT resulting in Mr Parrella being permanently disqualified from holding a real estate and business agent licence and triennial certificate. In May 2008 the Major Fraud Squad charged Mr Parrella with 29 counts of stealing over \$600,000 from the trust accounts. That matter is still before the courts.

To 30 June 2009 the Board has received 344 claims against the Fidelity Guarantee Account. To date 339 have been approved totalling \$481,575.10.

### T.M. Moylan Nominees Pty Ltd

In May 2007, the Board closed the real estate business of T.M. Moylan Nominees Pty Ltd, formerly trading as Moylan Real Estate, following allegations of trust account irregularities by the person in *bona fide* control and because neither T.M. Moylan Nominees Pty Ltd nor Mr Paul William Moylan held a current triennial certificate. The Board obtained orders in the SAT suspending both T.M. Moylan Nominees Pty Ltd and Mr Moylan from conducting a real estate business and authorising the appointment of a supervisor. In September 2007, the Board appointed a forensic auditor to investigate and gather evidence on the irregularities. In October 2008, the forensic auditor supplied his report to the Board. Further investigation is continuing.

### Mr Ahmed Kamil

Sales representative Mr Ahmed Kamil, who was previously employed by the Eftos Group Pty Ltd t/as Eftos Estates, was suspended from the real estate industry by the SAT after breaching the Code of Conduct. Mr Kamil's registration was cancelled and he was disqualified from re-obtaining it for 10 years, following disciplinary proceedings.

Mr Kamil had faced several allegations under the Code of Conduct for acting in a dishonest, deceptive and misleading way to a party in a real estate transaction, acting when in a position of conflict and otherwise acting in a manner rendering him unfit to hold a certificate of registration in the real estate industry.

In an attempt to buy a particular property owned by a client of his employers, Mr Kamil concealed from the client that he was the actual purchaser of the property. The cover up by Mr Kamil appears to have involved misleading his employer, a settlement agency and state and federal authorities. His conduct included assuming a friend's identity and in so doing obtained the first home buyers grant.

The Western Australia Police Service (Major Fraud Squad) laid several charges against Mr Kamil for breaches of the *Criminal Code Act Compilation Act 1913* (WA) for which he was convicted, resulting in a jail sentence.

# Highlights for 2008-2009

## Mr Michael Mavaddat

Mr Michael Mavaddat was permanently disqualified from holding a real estate agent licence and triennial certificate, following a disciplinary hearing in the Supreme Court.

During proceedings before the SAT commenced by REBA, Mr Mavaddat admitted a number of lies and equivocation in his testimony, including allegations that he:

- acted without a valid authority;
- demanded and received a commission of \$133,000 which was unjust in all the circumstances;
- claimed to hold a bachelor of science degree from the US;
- made false statements for the purposes of obtaining financial accommodation from a bank and also in a credit application;
- created false documents to obtain a financial benefit;
- lied in an affidavit and in giving evidence in civil proceedings;
- created false entries in the accounts of a corporate entity; and
- made unauthorised use of funds in the entity's account for his own purposes.

The conduct occurred from 1999 to 2001 while he was trading as the sole proprietor of Key West Realty.

In the court proceedings, the Board asserted the admitted dishonest conduct, the misuse of company funds and the Supreme Court findings rendered Mr Mavaddat unfit to hold a licence as a real estate agent and sought his permanent disqualification.

Apart from matters arising from this particular complaint, there had been no previous complaints or disciplinary issues in Mr Mavaddat's lengthy career.

In making its ruling, the SAT took this into consideration – but also noted the evidence presented suggested Mr Mavaddat had no appreciation of the seriousness of his conduct, nor did he accept responsibility for it.

The SAT also ordered that Mr Mavaddat pay a fine and costs to the Board. Mr Mavaddat has commenced an appeal in the Supreme Court WA against the penalty decision of the SAT.

## Late audit reports

During the 2008—09 period the Board placed significant emphasis on annual audit reports to ensure that maintenance of agents' trust accounts was in accordance with the statutory requirements.

The Board continues to maintain a 'no tolerance' policy towards agents and auditors who fail to comply with the trust account auditing provisions of the Act. Where appropriate, the Board may commence proceedings regarding an agent's conduct of failure to cause trust accounts to be audited and/or the auditor failing to deliver a statutory declaration within the prescribed time period.

## Advertising practices

The Board continued to receive complaints from consumers about improper advertising practices of some industry members during the reporting period. The Board was concerned about two types of advertising that it considered misleading.

The first involved agents advertising properties without authorisation from the seller. In particular, there were occasions where agents advertised properties as having been 'SOLD', implying they had sold them, when the property had not been listed with that agency. During the year the Board held a series of seminars to educate agents against this style of marketing, which it considered to be misleading. The Registrar reminded agents that to advertise a property they must obtain a valid authority from the owner of the property. Failure to obtain a valid authority is a breach of Article (3) and 4(1) of the *Code of Conduct for Agents and Sales Representatives* ("Code of Conduct").

# Highlights for 2008-2009

The second type of advertising of concern to the Board was the practice of advertising a property as being located in the wrong locality. The Board considers that incorrectly describing the location of a property in an advertisement to be misleading and a breach of Article 5(1) or 5(2) of the Code of Conduct. In addition, the Board considers that it may also amount to misleading or deceptive conduct under the *Fair Trading Act 1987*.

## Other issues

### Compulsory Professional Development

The Board's Compulsory Professional Development (CPD) initiative continued for individual licensed agents who hold a current triennial certificate, in the second half of 2008 and feedback confirmed that the benefits of the program are being recognised and appreciated in the industry. During this period, 38 mandatory CPD seminars were conducted by Kaplan Professional and Central TAFE in both metropolitan and regional areas. West Coast Property Training had provided their allocated quota of 500 attendees by 30 June 2008 and therefore did not run any courses in the second half of the year.

During the reporting period the Board also undertook a comprehensive review of and amended the Real Estate and Business Agents (General) Regulations 1979 (the Regulations) to support the extension of CPD to sales representatives effective from 1 January 2009.

Having resolved to extend CPD from 1 January 2009 to all sales representatives, including those restricted to property management, the Board evaluated the program and elected to continue with a similar model. Sales representatives with a current certificate of registration, like individual licensed agents, are required to complete 10 points of CPD activity per calendar year. Three are obtained by attending the Board-funded mandatory activities and seven from the Board-approved elective activities.

In the reporting period the Board began a tender process to outsource the development and delivery of the mandatory activities in 2009. The contracts were awarded to West Coast Property Training (WCPT), Real Estate Institute of Western Australia (REIWA) and Kaplan Professional. WCPT was also contracted to develop the distance learning package, which enables remote participants to complete the mandatory component of CPD.

Furthermore, the Board continued to assess elective activity submissions and approve those it considered to be beneficial and relevant to the real estate industry. Presently, there are 50 elective course providers offering a total of 522 activities from which participants can choose to complete their CPD requirements. All Board approved activities were listed on the Board's website.

In a major development for 2009, the Board has also allocated funding to the upgrade to the CPD Online system. The improvements will result in a system which allows information to be input in bulk by the training providers and accommodates the extension of the program to sales representatives. Amendments to related functions in the Complaints and Licensing System (CALS) will also be incorporated, enabling more accurate and efficient monitoring of CPD compliance and the production of comprehensive reports.

The addition of a CPD tab on the front page of the Board's website has simplified access to important information, including a revised frequently asked questions page and links to other relevant websites. Other pages containing a CPD program overview, details of mandatory and elective activities and a seminar evaluation form are also routinely updated.

The Board continues to be encouraged by positive feedback from the real estate industry on the CPD program and firmly believes its aim to increase professionalism and consumer confidence is being met. It is also expected that, as the program moves forward, compliance with and understanding of real estate legislation will continue to grow.

# Highlights for 2008-2009

## Diploma of Property Services

From July 1 2009 there will be changes to the prescribed examinations for the grant of a licence. *The Real Estate and Business Agents (General) Regulations 1979* will include the examinations to be passed for the Diploma of Property Services (Agency Management) CPP50307.

The Diploma qualification has been developed by the Board in consultation with key stakeholders as part of the Board's obligations under the National Property Services Training Package.

## Staff training on real estate agency practices

To ensure that the Board, its staff and Real Estate Branch staff continue to provide high quality information and services to Government, industry members and the public, a number of in-house training sessions were conducted during 2008—09. With the assistance of the Proactive Compliance Section, and the Board's Registrar and Solicitor, 10 training sessions were conducted during the year which covered the following topics:

- Offer and Acceptance, Joint Form of General Conditions, Conciliation and Homebuyers Grants
- Overview of Board functions
- Breach non-compliance letters
- Search warrants
- Advertising, what the law says
- Real estate transactions and settlement processes
- National Trade Licensing System
- *Real Estate and Business Agents Act 1978* and Code of Conduct for Agents and Sales Representatives
- Purchasing a home in WA
- Requirements for Branch offices

## New salary requirements for licensees in *bona fide* control

During the 2008—09 reporting period the Board reviewed the minimum salary amount for licensees in *bona fide* control of a business, who do not have a majority of shareholding in the company.

The Board policy since November 2005 and during the first part of the 2008—09 reporting period required the minimum salary level for a licensee in *bona fide* control of a business to be paid no less than \$40,000 per annum. This minimum salary requirement assisted to ensure that the person in bona fide control devotes a substantial amount of time and attention to the running of the business.

By 31 August in each year, the licensee is required to satisfy the Board that during the preceding financial year the person in *bona fide* control of the licensee's business has been paid a salary, which in the opinion of the Board, is consistent with salaries payable to persons giving substantial time and attention to an agent's business.

The Board determined a more realistic amount as a salary requirement for licensees in *bona fide* control to be \$50,000 per annum, excluding superannuation. This new salary requirement became effective from 1 November 2008 applying to those agencies renewing triennial certificates from that date onwards. The Board published information regarding the changes on its website and in the *REBA News*.



## SECTION TWO

# Organisational structure and profile

# Organisational profile

## Enabling legislation

The Real Estate and Business Agents Supervisory Board is an independent statutory authority established under the *Real Estate and Business Agents Act 1978* (the Act) to regulate the real estate and business broking industries. The Board administers the Act, the Real Estate and Business Agents (General) Regulations 1979 (the Regulations) and the Code of Conduct for Agents and Sales Representatives (the Code of Conduct).

The functions of the Board include:

- provision of advice to the Minister, including making recommendations and submitting proposals regarding the Act and the Regulations;
- administration of the applicable licensing and registration schemes; and
- conducting and promoting education and providing advisory services for industry participants and members of the public.

Additionally, the Board performs other functions conferred upon it by the Act, such as:

- compliance activities;
- administration of the Fidelity Guarantee Account; and
- administration of the Home Buyers Assistance Account.

The Board is fully funded by the industry, in the form of:

- licensing revenue;
- interest earned on money held in trust accounts; and
- interest earned on retained funds.

This funding is used to deliver the statutory functions of the Board to the real estate industry and the community of Western Australia. The effective delivery of these statutory functions underpin the Board's goal that:

**The people of Western Australia have confidence in the real estate and business broking industry.**

## Core values and conduct

The core values and conduct that will help the Board achieve its desired goal are:

**Accountability:** The Board serves the needs of the public through the government in a professional, responsible and accountable manner.

**Integrity:** The Board deals with its members and staff, with the industry and the public on the basis of trust, understanding and respect for differing views and interests. The Board undertakes to perform its functions in a fair and transparent manner.

**Professionalism:** The Board performs its services to the best of its ability with optimum use of resources and with a focus on continuously improving quality, productivity, and professional development.

**Responsiveness:** The Board endeavours to provide high quality information and services to the government, industry, and the public.

The statutory functions are provided by means of the following services:

1 Licensing	2 Compliance	3 Education & Awareness	4 Fidelity Guarantee Account	5 Home Buyers Assistance Account
----------------	-----------------	-------------------------------	---------------------------------------	---

**Licensing:** Quality control of people seeking to enter the real estate and business broking industries and those already registered or licensed in those industries.

**Compliance:** Ensuring that licensed real estate and business agents, their sales representatives and all employees comply with the relevant legislation and financial reporting requirements.

**Education and Awareness:** Aims to encourage awareness of real estate 'best practice' through activities such as proactive compliance visits, the CPD program, seminars, publications, e-Bulletins, newsletters and through the Board's website.

# Organisational profile

**Fidelity Guarantee Account:** The assessment of claims for reimbursement from consumers who have suffered financial loss or loss of property by conduct of a licensed real estate agency that holds a current triennial certificate due to the criminal or fraudulent conduct of that agency or its employees during the course of business of that agency.

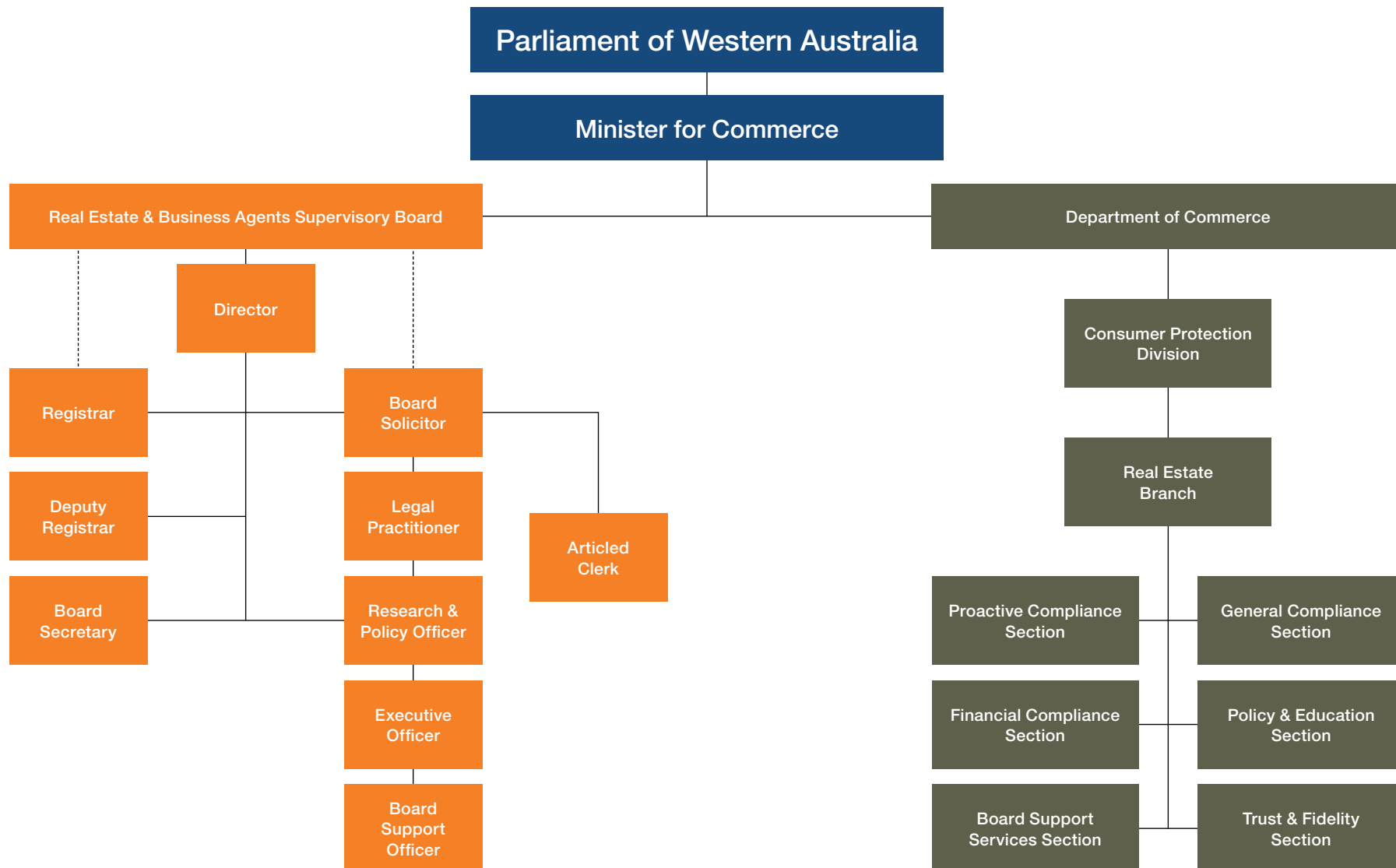
**Home Buyers Assistance Account:** Works to ensure that people who lodge a claim against the Account satisfy the necessary requirements and receive funding in a timely manner.

## Service Delivery Agreement

The Board contracts the Department of Commerce (the Department) to provide services under a Service Delivery Agreement (SDA) and these services enable the Board to carry out its functions. The SDA sets out the services and performance measures, in accordance with government output based management requirements between the Board and the Department.



# Board organisational chart



# Board members



## Mr Mark Cuomo

Mr Mark Cuomo is a legal practitioner practising as a barrister. Mr Cuomo has been Chair of the Board since January 2005. He is also the Chair of the Builders' Registration Board, the Building Disputes Tribunal, and the Painters' Registration Board.



## Mr Ken Bradley

Mr Ken Bradley is a fellow of the Australian Society of Certified Practising Accountants (FCPA). He has been a member of the Board since August 2004. He is a Director of Workability, treasurer of the Stop the Toad Foundation, and a senior sessional member of the State Administrative Tribunal.

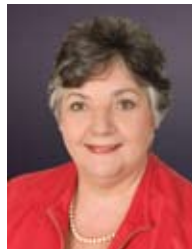
**DEPUTY: MS MICHELLE JENKINS**



## Ms Karen Lang

Ms Karen Lang is a legal practitioner. She has been a member of the Board since November 2003. Ms Lang is a member of the Liquor Commission of Western Australia, the Building Disputes Tribunal, and a sessional member of the State Administrative Tribunal.

**DEPUTY: DR JOHN HOCKLEY**



## Ms Renate Brown

Ms Renate Brown is the member nominated by the Real Estate Institute of WA. She has been in the industry since 1986 and a licensed real estate agent since 1989. She was a REIWA Councillor for six years and held Vice President and Hon Treasurer positions. She has been a deputy member of the Board since 2003 and replaces Michael Hoad as member.

**DEPUTY: MS JENNIE BRYANT**



## Mr William Goddard

Mr William Goddard is the member elected for appointment by licensed agents. He is a licensed real estate agent, and a certified practising business broker, auctioneer and property manager. Mr Goddard has over 40 years experience in the industry, and operates his own agency in Nedlands. He was first elected to the Board as the deputy elective member in 1985, and has been the elective member since 1989.

**DEPUTY: VACANT**

Mr Michael Hoad served as the member nominated for appointment by the Real Estate Institute of Australia until December 2008. He is a licensed real estate agent with 30 years experience in the industry, and has operated his own agency for 24 years. Mr Hoad was a member of the Board from January 2003 to December 2008.

# Board structure

The composition of the Board is set out in section 7 of the *Real Estate and Business Agents Act 1978* (the Act). There are five members of the Board appointed by the Governor of Western Australia:

- one must be a person who is not a licensed agent who is also appointed Chair;
- one must be a person experienced in commercial practice and not a licensed agent;
- one must be a person who is a legal practitioner and not a licensed agent;
- one must be a licensed real estate agent who is nominated by the Real Estate Institute of Western Australia; and
- one must be a licensed agent who is elected by licensed agents.

Members may hold office for up to four years and are eligible for re-election or re-appointment. The Governor may appoint a deputy of a member.

## Our people

The Board engages 10 staff. The Director, Board Solicitor, Legal Practitioner, Board Executive Officer, Articled Clerk, and Board Support Officer are employed in a joint funding arrangement with the Settlement Agents Supervisory Board. The Registrar, Deputy Registrar, Research and Policy Officer, and Board Secretary are employed directly by the Board.

## Role of key staff

### Director

The Director is the Chief Employee and Chief Financial Officer of the Board and is responsible for providing advice and assistance to the Board in its day-to-day operations. The Director ensures that the Board's policies and strategies for regulating the real estate and business broking industries are implemented and monitored.

The Director oversees the financial and human resources, legal services, assists with planning and strategic issues, and negotiating, monitoring, and reporting on contracts with external providers, including the Service Delivery Agreement with the Department of Commerce.

The Director also assists the Board to comply with legislation relevant to its statutory obligations.

### Board Solicitor

The Board Solicitor has responsibility for managing legal services for the Board. This includes providing advice to the Board, and its officers and inspectors, on the interpretation and application of legislation administered by the Board. The Board Solicitor also provides advice on matters relevant to the Board, such as the conduct of proceedings before the Board, the State Administrative Tribunal (the SAT), and the courts.

The Board Solicitor also briefs external counsel to provide advice or legal representations where necessary.

# Board structure

## Registrar

The Registrar assists in overseeing the operations of the Board and provides guidance and leadership to staff as well as conducts staff training sessions. The Registrar assists the Director on policy, legislative and operational issues that may impact on the Board's viability or their ability to meet legislative requirements.

It is the Registrar's duty to contribute as a member of a number of Board sub-committees to assist in the management, development, implementation and evaluation of Board objectives and policies and manage Board projects as directed.

The Registrar is also responsible for undertaking the statutory functions and determines how investigations are managed and finalised.

The Board Registrar also builds and maintains a cooperative and effective working relationship with the Minister's office, industry and consumer organisations while developing and maintaining contacts with similar regulatory authorities throughout Australia. The Registrar liaises with and represents the Board in dealings with the media as required as well as represents the Board at conferences, seminars, relevant committees, and working parties. It is the duty of the Registrar to promote the Board and advance its objectives.



# Corporate governance

## Legislation and statutory reporting compliance

The Board complies with the following statutes in performing its functions:

- *Real Estate and Business Agents Act 1978;*
- *Settlement Agents Act 1981;*
- *State Records Act 2000;*
- *Public Sector Management Act 1994;*
- *State Supply Commission Act 1991;*
- *Occupational Safety and Health Act 1984;*
- *Equal Opportunity Act 1984;*
- *Disabilities Services Act 1993;*
- *Financial Management Act 2006;*
- *Freedom of Information Act 1992;*
- *Public Interest Disclosure Act 2003;*
- *Electoral Act 1907;*
- *Criminal Code Act Compilation Act 1913*
- *Fair Trading Act 1987;*
- *Mutual Recognition (Western Australia) Act 2001;*
- *Mutual Recognition Act 1992 (Cwlth);*
- *State Administrative Tribunal Act 2004;*
- *Magistrates Court Act 2004; and*
- *Supreme Court Act 1935.*



### SECTION THREE

# Performance management framework

# Performance management framework

The Department of Commerce provides the Board with a range of services, some of which come under the obligatory reporting requirements. Please refer to these activities in the Department of Commerce 2008–09 Annual Report for further information.

The Board acknowledges and supports the principles applicable to people with disabilities stated in Schedule One of the *Disability Services Act 1993*. The Board's *Disability Access and Inclusion Plan 2007-2011*, ensures that services are delivered effectively to its officers, customers and the wider community. A copy of the plan can be downloaded from the Board's website.

## Reporting requirements of section 175ZE of the *Electoral Act 1907*

Under section 175ZE of the *Electoral Act 1907*, the Board is required to report on expenditure incurred using the following types of bodies to promote or market its services:

- advertising agencies;
- market research organisations;
- polling organisations;
- direct mail organisations; and
- media organisations.

The Board reports that it did incur such expenditure in the reporting period 2008—09 totalling \$27,981.52.

## Public sector standards in human resource management

The Board is required to comply with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics in its dealings with staff. During 2008—09, the Board did not receive any applications for breaches of the standards.

In addition, the Board:

- did not receive any workers' compensation claims;
- did not re-deploy any of its staff;
- has not terminated any positions; and
- was not involved in any industrial disputes.

Board members and staff are required to comply with the Board's Code of Conduct for Board Members and Officers 2007 (updated on 24 April 2009). This Code sets standards concerning the Board's operational requirements and expected behaviour of its members and staff as they carry out their day-to-day work. It also provides guidance and practical assistance on what to do when faced with an ethical issue.

When the Board is in session, members are required to act in accordance with their own independent views and experiences, in the light of the role and purpose of the Board. Members should not perform their duties in a manner that represents or protects the interests of any particular organisation with which they are associated.

# Performance management framework

## Freedom of Information requests

The *Freedom of Information Act 1992* allows members of the public to lodge requests for copies of documents relating to the Board and its operations. The Board endeavours to make its operations transparent and accessible. In the year 2008—09, the Board received six requests for information under the *Freedom of Information Act 1992*.

The Department provides an administrative function to the Board in relation to Freedom of Information matters. People wishing to lodge a Freedom of Information application with the Board are advised to contact the Freedom of Information Coordinator on 9282 3923. All requests for information under the *Freedom of Information Act 1992* must be submitted in writing and addressed to:

Freedom of Information Coordinator  
Department of Commerce  
Locked Bag 14  
Cloisters Square  
Perth WA 6850

## Government Policy requirements

### Corruption prevention

The *Premier's Circular 2005/02: Corruption prevention* requires agencies to incorporate into their risk management activities, specific consideration of the risk of corruption and misconduct.

The Real Estate and Business Agents Supervisory Board produced in 2008 the Public Interest Disclosure Guidelines. The guide includes support information for staff making public interest disclosures, how to deal with claims of corruption, and taking action following an investigation. The guide is available on the Board's website at [www.reba.wa.gov.au](http://www.reba.wa.gov.au) under the Board Initiatives section.

In 2008—09, several activities were also undertaken by the Department of Commerce in order to minimise the potential for corrupt behaviour and included the following:

- Through the use of internal communication tools such as the Department of Commerce's News Publication, employees were regularly reminded of the need to comply with the *Western Australian Public sector Code of Ethics* and Commerce's Code of Conduct.
- Information was made available on conflicts of interest issues and employees were made aware that potential or real conflicts of interest had to be discussed initially with their line manager and if necessary listed in Commerce's Conflict of Interest Register.
- Seminars by external consultants for staff.

# Performance management framework

## Occupational Safety and Health Management

In carrying out its statutory functions and in its role as an employer the Board is committed to providing a safe workplace for its staff.

Under its established Occupational Safety and Health Management Plan the Board maintains an appropriate level of understanding of what constitutes a safe working environment under the *Occupational Safety and Health Act 1984* and commits to providing ongoing safety checks and training to its employees.

The Board has developed an Occupational Safety and Health Management Strategy which is used to consult with employees on health and safety issues.

The Occupational Safety and Health Management Strategy allows Board employees to:

- elect an Occupational Safety and Health representative;
- be provided with information aimed at reducing overuse injuries common to an office environment;
- receive regular occupational safety and health training; and
- receive first aid training.

Additionally the Board Director and Occupational Safety and Health representative conduct regular workplace safety checks and regularly monitor developments in health and safety legislation and management systems.

## Report on annual OSH performance 2008-09

Indicator	Target 2008-09	Result 2008-2009
Number of fatalities	None (0)	None (0)
Lost time injury/disease (LTI/D) incidence rate	None (0) or 10% reduction on previous year	None (0)
Lost time injury severity rate	None (0) or 10% improvement on previous year	None (0)



## SECTION FOUR

# Performance report on services

# Service One: Licensing

## Strategic objectives

For the 2008–2009 reporting period the Board objectives are to:

- assist people seeking to obtain a licence, obtain or renew a triennial certificate or certificate of registration, and to process such applications in accordance with the *Real Estate and Business Agents Act 1978* (the Act);
- assess the fitness<sup>1</sup> of people entering the industry, and of those remaining in the industry; and
- audit the computer databases of the Department to ensure the information recorded is accurate.

## Performance

In 2008—09, the Board achieved the following outcomes:

- 257 applications for new real estate licences processed;
- 1006 applications for real estate licence renewal processed;
- 86 per cent of new real estate licence applications acknowledged within eight days;
- 100 per cent of new real estate licence applicants advised of the outcome of their application within eight days of the Board's decision;
- 99 per cent of renewal real estate licence applications finalised within 10 days;
- 899 new applications for a sales representative's certificate of registration processed;
- 2384 renewal applications for a sales representative's certificate of registration processed; and
- 92 per cent of applications for a sales representative's certificate of registration finalised within eight days.

<sup>1</sup> The Act stipulates that to be granted and hold an agent licence (section 27(1)(b) of the Act) or certificate of registration (section 47(1)(b) of the Act) the successful applicant must be "...a person of good character and repute and a fit and proper person" to be involved with the business of any agency. The Board is required by the Act to take into account a number of factors when considering the suitability of an applicant.

## Overview

All real estate and business agents require a licence as well as a current triennial certificate in order to carry on business in the industry in Western Australia. The licence issued by the Board is continuous while the triennial certificate is to be renewed every three years.

The Board assesses licence applications to ensure that only suitably qualified people can enter the industry as agents. To create high standards of practice and behaviour, uniform minimum standards of competency apply.

In 2008–09, the Board received 257 applications for real estate licences. This figure represents a decrease of seven per cent over that reported for 2007–08. The Board dealt with 899 applications from people seeking registration as sales representatives. This represented a decrease of 28 per cent below that in 2007–08. During the reporting period the Board conducted 58 recorded licensing interviews.

## Current fees – Real estate and business agents

The fees charged by the Board in accordance with the Real Estate and Business Agents (General) Regulations 1979 for real estate and business agent licensing applications and real estate and business sales representative registration applications are as follows:

Agent New Applications:

Individual	\$838
Firm or Partnership/ Body Corporate	\$1032

*Note: These fees are inclusive of a once off Fidelity Guarantee Account payment of \$150*

Agent Renewal Applications:	\$404
Sales Representative New Applications:	\$207

*Note: This fee is inclusive of a once off Fidelity Guarantee Account payment of \$45*

Sales Representative Renewal Applications:	\$132
--	-------

# Service One: Licensing

The Board conducted its annual review of the fees in accordance with the *Financial Management Act 2006*. This review was in line with the State Government's policy that any increases in fees are to be on a cost recovery basis. The Board's recommendation that the fees be increased by the agreed Consumer Price Index of 4.2 per cent was approved by the Minister for Commerce and was submitted for formal approval and amendments to the relevant regulations. The fee increase was formally approved and was effective from 1 July 2009.

## Holding fee

Agents who wish to continue to hold a licence, but do not want to carry on business must do so by paying a holding fee of \$190 within the specified time frame. This puts the licence on hold for a period of three years. At the end of the reporting period, licences of 370 agents were on hold.

## Licensing kit

The Board produces a licensing kit that provides current information for new licence holders. It includes information on setting up trust accounts, auditing processes, the CPD program, the Home Buyers Assistance Account and an agent's obligation to notify the Board when there are changes in their personal or their agency's details. It provides information for agents in other states and territories of Australia who have obtained a Western Australian licence under the *Mutual Recognition (Western Australia) Act 2001* and the *Mutual Recognition Act 1992 (Cwlth)*. Board publications are included for reference. The licensing kit can also be downloaded from the Board's website at [www.reba.wa.gov.au](http://www.reba.wa.gov.au).



# Service Two: Compliance

## Strategic objectives

In 2008—09, the Board strived to meet the following objectives:

- real estate agents, business agents and sales representatives comply with the requirements of the Act and the Code of Conduct;
- in appropriate cases, the Board commence proceedings before the State Administrative Tribunal (the SAT) alleging that there is a proper cause for disciplinary action against an agent or sales representative, direct the Registrar to bring prosecutions in the Magistrates Court against agents, sales representatives and other persons where there is evidence of an offence against the Act and the Code of Conduct or other legislation including the Criminal Code;
- complaints investigated promptly and dealt with by the Board in a timely manner;
- prompt, accurate advice is given to industry members and the public; and
- audit reports are received on time and all qualified reports are investigated.

## Performance

In 2008—09, the Board achieved the following outcomes:

### General compliance

- 379 investigations commenced;
- 387 investigations completed;
- 59 advisory and 12 breach non-compliance closure letters were issued by the Registrar to agents or sales representatives;
- 99.5 per cent of written complaints acknowledged within eight days; and
- 93.1 per cent of investigations commenced within 14 days.

## Financial compliance

- 348 qualified audit investigations commenced;
- 369 qualified audit investigations completed;
- 99.4 per cent of investigations into qualified audit reports commencing within 14 days of lodgement;
- 48 trust account investigations commenced;
- 41 trust account investigations completed; and
- 97.9 per cent of trust account investigations commencing within 14 days.

## Conciliation

- 152 conciliations commenced;
- 153 conciliations completed;
- 98.7 per cent of conciliations acknowledged within eight days;
- 96.1 per cent of conciliations commenced within 14 days; and
- 99 per cent of conciliations completed within three months.

## General Compliance

The Board's inspectors have powers of investigation, which they may exercise for the purpose of determining whether agents and sales representatives are complying with the requirements of the Act, Code of Conduct and any conditions of their licence and/or triennial certificate. These powers of investigation may also be used to determine whether any other cause exists to render an agent unfit to hold a licence and a triennial certificate, and sales representatives unfit to hold a certificate of registration.

When the Board receives a complaint, or the matter is otherwise brought to its attention, the Registrar will determine whether it requires investigation. If the preliminary assessment identifies sufficient cause for concern, then the Registrar may issue a direction for a formal investigation to proceed.

# Service Two: Compliance

Where the Registrar directs a formal investigation into a complaint, an inspector will seek further information from the agent or sales representative concerned, and any other relevant person. At the conclusion of an investigation the Registrar may take one or more of a range of actions.

Where an investigation or inquiry reveals evidence of non-compliance with the Act and/or Code of Conduct, the result will not always be an application to the State Administrative Tribunal (SAT) for disciplinary proceedings or prosecution in the Magistrates Court. Depending on the circumstances, the Registrar may decide to issue an educational letter or otherwise close the matter.

If there is sufficient evidence of a breach, the Registrar will recommend that the Board commence proceedings against the agent and/or sales representative. Factors such as, the nature of the conduct, the agent or sales representative acknowledging the breach or non-compliance actions taken to prevent future occurrence, and the strength of the evidence available will be taken into consideration. In this reporting period, seven proceedings were commenced in the SAT, and seven were completed. No proceedings in the Magistrates Court were commenced.

The total number of new investigations commenced into the conduct of agents decreased from 411 in 2007—08 to 379 in this reporting period.

## Advertising without authority

A matter commenced by the Board in the SAT concerned an agent who was a person in *bona fide* control in breach of the Code of Conduct. At mediation the agent agreed with the allegations and to the fines and costs proposed by the Board.

The proceedings found that on three occasions the agency had distributed leaflets advertising real estate properties for sale when it did not have written authority to do so. The person in *bona fide* control failed to act honestly and fairly and caused the agency to be in breach by allowing the distribution of leaflets that implied that the agency had listings for the properties. The person in *bona fide* control was in breach of the Code of

Conduct by failing to supervise the business of the agency and not ensuring that sales representatives and other employees complied with the provisions of the Act.

The SAT ordered the real estate agency to pay the Board, a fine in the sum of \$5,000 and costs in the sum of \$250 and the person in *bona fide* control to pay the Board a fine in the sum of \$1000 and costs in the sum of \$250.

In other proceedings, a different real estate agency had represented itself as acting as agent on behalf of the owners of a property to which they did not have written authority. They also advertised the property for sale without consent contrary to article 4(3) of the Code of Conduct.

The sales representative in the case was also in breach as she had represented herself incorrectly as acting as the agent for the property.

The property was advertised without written authority in a magazine distributed by the agency in hard copy format, as well as uploaded as a poster on the world wide web, contrary to the Code of Conduct.

Both the agency and the sales representative agreed to the allegations and the terms for which the case could be settled.

The SAT ordered that the agency pay the applicant a fine in the sum of \$2,500 as well as costs in the sum of \$500. The sales representative was also ordered to pay the applicant a fine in the sum of \$1,250 and costs in the sum of \$500.

## Unauthorised withdrawal from trust accounts

Disciplinary action was taken against a real estate agency for this issue as it resulted in a breach of section 68(4) of the Act, and against the person in *bona fide* control for a breach of article 6(2) of the Code of Conduct.

The agency held in its trust account a deposit of \$50,268.52 including interest as stakeholder for the parties to a real estate transaction where the contract incorporated the Joint Form of General Conditions 2002. The aforementioned deposit of \$50,000.00

# Service Two: Compliance

was obtained by the buyer through an unsecured loan from an acquaintance of the person in *bona fide* control.

When the loan was called in by the creditor the buyer requested that the deposit monies be sent to the creditor.

The agency, at the direction of the person in *bona fide* control, withdrew the deposit with interest from its trust account when it only had consent from one party to the transaction.

By reason of the agency's admission to the allegations the SAT ordered that the agency pay to the Board a fine of \$4,000 and the person in *bona fide* control pay to the applicant a fine of \$500. The agency and person in *bona fide* control were also ordered to pay the Board's costs of \$500.

## Conflicts of interest

In one conflict of interest case a real estate agency was appointed by five sellers to sell their respective properties. The properties were actually purchased by employees of the agency, and each sale was negotiated by a sales representative also from the agency.

On each occasion the sellers were not given adequate and timely disclosure that the agency's staff had an interest in the purchasing of the property. As a consequence, commission due under the respective selling agency agreement could only be demanded or received by the agent and sales representatives if the vendor/seller was made aware and had given written consent to pay the commission.

The respondents agreed with the allegations made that the actions of the agency were in breach of section 64(2) and 64(4) of the Act, and article 7 of the Code of Conduct. The person in *bona fide* control agreed they had been in breach of the proper supervision provisions of article 6(2) of the Code of Conduct.

The SAT ordered the respondents to pay fines ranging from \$500 to \$1,500 each and to refund to the vendor the commission paid, in addition to costs of \$500 each.

Another case in 2009 saw the director of a real estate agency enter into an agreement to sell certain lots of land in which he was the sales representative for the transactions. A Contract for Sale of Land was entered into in September 2006 between the seller and a family trust. The trustee of the family trust purchasing the land was a corporation, and the sales representative was a director of that corporation.

The sales representative was found to be in breach of the conflict of interest provisions of the Code of Conduct by continuing to act in a situation in which their interest was in conflict with the sellers. The sales representative had become beneficially interested in the purchase of a property without written consent of the seller. The Board also alleged that the respondent breached: article 2 of the Code of Conduct for failing to act in the best interests of the seller; article 5(2) for knowingly misleading and deceiving the seller/vendor; article 7 for failing to exercise skill, care and diligence.

The SAT ordered the sales representative pay to the Applicant a fine in the sum of \$1,500 and costs in the sum of \$500.

## Financial compliance

The Act provides guidance for how agents are to set out their trust account records. Agents are required to appoint an auditor of their trust accounts at the time of obtaining their licence. The Act requires the auditor to submit to the Board, by 31 March each year, an audit report of the agent's trust accounts. The Board treats all qualified audit reports as a priority issue.

# Service Two: Compliance

Apart from qualified audit reports being received from auditors, there are three main ways that non-compliance with the trust account provisions can come to the attention of the Board, they are:

- during an investigation into general compliance issues;
- through a complaint received directly relating to an agent's operation of the trust account; and
- financial institutions notifying the Board when a trust account becomes overdrawn.

During 2008—09, the Board commenced 348 investigations into qualified audit reports compared to 387 from the previous reporting period. It is believed this decrease is a result of a combination of Compulsory Professional Development, the Pro-active compliance program and stricter interpretations by the audit team on what should constitute a qualified audit report. This has seen an improvement in compliance with the Act by real estate agents as a whole with these provisions. It is hoped that a similar reduction is witnessed in the 2009—10 financial year.

In addition, 48 trust account investigations were commenced in 2008—09 in comparison to 64 recorded in the previous reporting period.

## Conciliation

The Board may assist parties to resolve a dispute by arranging informal discussions between them, helping in the conduct of those discussions, and if possible, assisting the parties to reach an agreement. Generally, conciliation of a dispute may be offered where:

- no serious breach of the Act or Code of Conduct is identified;
- the dispute is about fees charged by an agent;
- the complaint is lodged by an agent against another agent regarding conjunctural dealings or agency practice of a minor nature;
- the complaint is from a property owner about the conduct of their agent as a property manager; or

- the breach is of a minor nature and the main concern of the complainant is to receive reimbursement.

The Board may not offer conciliation if the issues raised involve allegations of:

- dishonesty on the part of the agent or sales representative;
- significant financial loss to the other party; or
- a serious breach of the Act or Code of Conduct.

The conciliation service has proven to be an effective method of resolving minor complaints. In the cases conciliated in 2008—09, 48 cases resulted in the parties reaching agreement. In eight cases referred to conciliation, no action was required other than clarifying the facts for the parties. In 37 cases the parties were unable to resolve the issue. Of cases referred to conciliation, two were outside of the jurisdiction of the Board and the parties had to seek assistance elsewhere. There were 26 cases where complaints were not justified. The average time taken to complete a conciliation matter was 40.2 days.

The Board produces *A guide to investigations and disciplinary proceedings* which provides information on complaints, warrants, confidentiality, and the conciliation process. The publication is available on the Board's website at [www.reba.wa.gov.au](http://www.reba.wa.gov.au).

# Service Three: Education and awareness

## Strategic objectives

The Board endeavoured to meet the following education and awareness objectives in 2008—09:

- conduct proactive visits to agencies;
- provide industry seminars to assist agents and sales representatives to comply with the Act and the Code of Conduct;
- provide a counter information service to members of the public and industry;
- provide a telephone information service to members of the public and industry;
- support and fund education programs for the professional development of agents and sales representatives;
- develop educational material, including brochures and guides, for distribution to industry and members of the public
- publish the quarterly newsletter, *REBA News*, for distribution to licensees, sales representatives, auditors and members of the public who wish to receive a copy;
- publish frequent e-Bulletins and further progress the e-Bulletin project; and
- provide the most up to date information on the Board's website and make further improvements for industry and members of the public.

## Performance

In 2008—09, the Board achieved the following outcomes:

- 282 proactive compliance visits to agencies, which includes 58 visits to agencies outside of the metropolitan area;
- 10 training seminars for agents and sales representatives on various topics covering the requirements of the Act and the Code of Conduct; and
- three issues of *REBA News* were published and distributed to licensees, sales representatives, auditors and members of the public who made requests for copies.
- eight e-Bulletins were distributed to approximately 9000 licensees, sales representatives, and auditors.

## Overview

### Information services

Under the Service Delivery Agreement (SDA) the Board obtains advice line services through the Department of Commerce. In 2008—09, the Real Estate and Settlement Advice Line received 31,392 telephone enquiries from the public seeking information on real estate matters. Of the telephone enquiries received, 96 per cent were answered within 40 seconds.

### Proactive compliance

The Board conducts a Proactive Compliance Program that is unique in Australia. The purpose of the program is to promote and improve the level of voluntary compliance and ethical standards in real estate and business broking industries. The Board's Proactive Compliance Officers visit agencies to provide advice and examine the level of adherence to legislative requirements. Participation by agents is voluntary. This financial year, the Board conducted 282 proactive visits to agencies. Of those visits, 58 were carried out in regional areas.

Proactive compliance visits are carried out in accordance with a standard process, which includes looking at:

- trust account reconciliation;
- correspondence and documents including trust account receipts to ensure they conform to the Act and the Code of Conduct;
- potential conflict of interest;
- appointment to act;
- CPD compliance;
- sale files; and
- property management files.

Where non-compliance in any area is identified, practical advice and guidance is given on how the agency may correct the problem, and comply with the requirements of the Act

# Service Three: Education and awareness

and the Code of Conduct. The visit is stopped for very serious breaches. The majority of feedback obtained from agents who have participated in the program, indicates that the proactive compliance visits are helpful and informative. This program, along with Compulsory Professional Development, has been well received by the industry, and is likely to have assisted in reducing the number of complaints lodged during the reporting period.

## Education funding

The Board provides financial support to promote its education objectives. The Board uses a prescribed proportion of the interest earned from real estate and business agents trust accounts for this purpose. Funding was used to support the delivery of necessary and appropriate training courses to assist in the professional development of industry participants; namely, registered real estate and business agents, and sales representatives.

From 1 July 2008 to 31 December 2008 the Real Estate Institute of Western Australia (REIWA) were required to provide necessary and appropriate training courses to assist in the professional development of participants in the real estate and business broking industries (i.e. courses that reinforce the compliance requirements of the Act and the Code of Conduct, and improve and update the knowledge and skills of industry participants). Over this six month period the contract cost was \$56,732.50 which was paid by the Board. Courses were only provided to people who were registered as real estate and business agents, and sales representatives.

As of 1 January 2009 the education funding was awarded to the three trainers providers of the Compulsory Professional Development (CPD) program. The three successful tenderers for CPD were REIWA, West Coast Property Training, and KAPLAN Professional.

## REBA News

The Board produces a quarterly newsletter *REBA News*, to provide information to industry members and relevant stakeholders. *REBA News* is a relevant resource for real estate and business agents, sales representatives and auditors. The newsletter

provides updates on industry practice issues, case studies from the Board's disciplinary proceedings, legislative amendments and any other relevant, topical issues such as the Compulsory Professional Development (CPD) program and CPD course dates. *REBA News* is mailed to all licensees and auditors and can also be distributed to the public upon request, free of charge. All recent and archived editions can also be downloaded from the Board's website.

The newsletter is issued to approximately 14,000 industry members each quarter.

At the end of the 2007—08 financial year the Board trialled jointly producing the *REBA News* and e-Bulletins and in June 2009 decided to continue to produce the e-Bulletins in conjunction with the newsletters.

## Complaint handling guidelines

As part of a proactive strategy to improve the awareness of effective complaint handling procedures, the Board continues to produce a publication titled *Complaint handling guidelines for the settlement and real estate industries*. This publication is produced jointly with the Settlement Agents Supervisory Board.

This publication presents general recommendations that are considered essential for the internal management of complaints. The publication provides guidance to agencies developing or reviewing their internal complaint handling procedures. It sets out the steps required to implement a complaint handling procedure that ensures complainants are dealt with fairly and courteously.

## REBA Publications

The Board considers that it is important to improve the knowledge and ability of members of the public to protect their own interests in real estate transactions. The Board produces various publications which provide important information to consumers and industry members on topical issues relevant to real estate. All Board publications are available for free on the REBA website, and copies can be requested through the Real Estate Advice Line.

# Service Three: Education and awareness

These publications are:

- A guide to auditing real estate and business agents trust accounts;
- A guide to investigations and disciplinary proceedings;
- A guide to the Compulsory Professional Development program;
- Buying a home through an agent;
- Buying vacant land;
- Home buyers assistance scheme;
- Information for complainants – Real estate and business broking industries;
- Licensing of real estate and business agents – Registration of real estate and business sales representatives
- Obligations of property developers;
- Real estate auctions;
- Real estate fees – negotiating with an agent;
- Real estate trust accounting – A reference manual;
- Sale by offer and acceptance;
- Timber pest inspections and reports – A guide for home buyers; and
- You and your property manager

In 2008–09, complete reviews of the following publications were completed: *A guide to the Compulsory Professional Development program*, *Buying a home through an agent*, *Information for complainants*, *Licensing of real estate and business agents*, *Obligations of property developers*, *Sale by offer and acceptance* and *You and your property manager*.

## REBA e-Bulletins

The Board continued to progress the e-Bulletin initiative in the reporting period. The

e-Bulletins have proven to be a convenient way for the industry to receive the latest information on issues relevant to the real estate industry in Western Australia. The e-Bulletins are distributed once a month and more frequently if required. The e-Bulletins have provided the Board with the opportunity to notify industry of any urgent information such

as exception from the Deposit Guarantee Scheme and CPD updates. In 2008–09 eight issues were published and sent to over 9000 agents and representatives. All e-Bulletins produced are available on the Board's website under Industry Publications.

The majority of the feedback for the e-Bulletins has been positive. Approximately 9,000 copies are emailed each issue, which accounts for 67 per cent of all real estate and business agents, and sales representatives. A progress report on the e-Bulletin initiative was prepared for the Board where it was decided that the e-Bulletins would continue to be published in conjunction with the quarterly REBA News.

## Website

The Board's website—[www.reba.wa.gov.au](http://www.reba.wa.gov.au)—is an integral tool in assisting the Board to conduct and promote education and provide advisory services to industry participants and the public.

Industry participants can access detailed information about licensing and registration requirements, compliance matters, industry publications and CPD information on the website. While home buyers and sellers can download publications and access information on the Home Buyers Assistance Account, as well as information on the Fidelity Guarantee Account and how to lodge a complaint with the Board.

Two new sections were added to the website in January 2009: *For Auditors* and *CPD*. They were designed to provide a dedicated section containing useful information for trust account auditors and CPD participants respectively. From February 2009, the Board also deployed the use of icons and images to facilitate navigation of the website.

The content of the website is continuously reviewed and new information is added on a regular basis with the aim of maintaining the content accurate, accessible and easy to understand.

The Board is committed to the continuing development and improvement of the website and as such decided in May 2009 to redevelop the current website. The new website is expected to provide improved navigation, a new and easier to use search function and new graphics. The new website is expected to be launched later in 2009.

# Service Four: Fidelity Guarantee Account

## Strategic objective

The purpose of the Fidelity Guarantee Account is to provide financial reimbursement to people who suffer pecuniary loss or loss of property through the criminal or fraudulent actions of a licensed real estate agent or business broker, who holds a triennial certificate, in the course of a real estate or business broking transaction. This also applies to the actions of an agent's employees.

## Performance

In 2008—09 the Board was able to achieve the following outcomes:

- 101 claims lodged against the Fidelity Account;
- 286 Fidelity Account claims finalised;
- 99 per cent of claims acknowledged within eight days; and
- 99 per cent of claim assessments commenced within 14 days.

## Overview

In 2008—09 the Fidelity Guarantee Account processed a record number of claims due to trust account defalcations committed by Mr Charles Parrella – a licensed real estate agent trading as Charles Parrella & Associates. The Fidelity Guarantee Account provides financial reimbursement to people who suffer pecuniary loss or loss of property through the criminal or fraudulent actions of a licensed real estate agent or business broker, or an agent's staff, in the course of a real estate or business broking transaction. Since 2007 when the Real Estate Branch assisted REBA to close and wind up Mr Parrella's business, some 339 claims have been approved and \$481,575.10 paid from the Fidelity Guarantee Account in relation to this case. The fallout from Mr Charles Parrella's case is still generating a number of claims and is expected to continue into the next financial year.

Because of the large volume of claims the Board asked for these to be dealt with in bulk, and a new procedure was introduced to streamline the decision-making process which includes the electronic distribution to Board members of the meeting agenda. Any similar circumstances in the future will also utilise this new process.



# Service Five: Home Buyers Assistance Account

## Strategic objective

The Home Buyers Assistance Account was established to assist first home buyers financially toward meeting the incidental expenses incurred when purchasing an established or partially built home through a licensed real estate agent.

In 2008—09, the Board endeavoured to meet these objectives by ensuring first home buyers are made aware of the Home Buyers Assistance Account, and by providing a grant of up to \$2,000 to off-set expenses such as registration fees, solicitor and/or conveyancing fees, valuation fees, inspection fees, establishment fees, mortgage insurance premiums and lending institution fees associated with lodging the application.

## Performance

In 2008—09 the Board was able to achieve the following outcomes:

- \$9,711,402.49 paid out of the account;
- 5895 applications received;
- 4949 grants approved; and
- 99.98 per cent of cheques issued within eight days of approval.

## Overview

The Home Buyers Assistance Account is an initiative of the Western Australian Government with grant money coming from the interest earned on money held in trust accounts of real estate agents and interest earned on retained funds.

Grants will only be given if:

- the applicant is buying their first home, which is established or partially built (not vacant land, a plan, or a 'house and land' package);
- the applicant must not own or previously have owned a home in Western Australia. If the applicants partner in buying the home owns or has owned a home before in Western Australia then the applicant can apply for a partial grant based on the percentage of the applicants ownership of the home;

- the applicant lives in the home for the first 12 months;
- the applicant purchases the home through a licensed real estate agent;
- the application is lodged with the Registrar of the Board no more than 90 days after the date that the offer to buy the home is accepted;
- the home loan is financed through an authorised lending institution (such as bank, building society or credit union); and
- the purchase price of the property is no greater than \$400,000.

## Number of applications and grants

The table below provides a comparison of the number of Home Buyers Assistant Account applications and approvals processed by the Board between the current and previous financial years.

	2004/05	2005/06	2006/07	2007/08	2008/09
No of Applications	699	966	1,812	4,381	5,895
No of Approvals	721	902	1,543	4,165	4,949
Total Amount Paid	\$1,346,500	\$1,719,119	3,048,698	\$8,180,158	\$9,711,402.49

## Home Buyers Assistance Account Advisory Committee

Section 131H of the Act establishes the Home Buyers Assistance Advisory Committee.

The functions of the Advisory Committee are to:

- issue guidelines to the Registrar under section 131M(1a);
- consider applications referred to the Advisory Committee under section 131M(1)(b) and to make recommendations to the Board thereon;
- make recommendations to the Board on the formulation of criteria under section 131O(2); and
- consider any proposals, matters or questions concerned with this Part that may be referred to the Advisory Committee by the Board and to advise the Board thereon.

# Auditor General's opinion



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### **REAL ESTATE AND BUSINESS AGENTS SUPERVISORY BOARD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accounts, financial statements, controls and key performance indicators of the Real Estate and Business Agents Supervisory Board.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Board's Responsibility for the Financial Statements and Key Performance Indicators**

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Page 1 of 2

4<sup>th</sup> Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664



# Auditor General's opinion

## **Real Estate and Business Agents Supervisory Board Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

### **Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Real Estate and Business Agents Supervisory Board at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Board provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Board are relevant and appropriate to help users assess the Board's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY  
AUDITOR GENERAL  
17 September 2009





## SECTION FIVE

# Performance indicators


# Certification of performance indicators

## CERTIFICATION

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Real Estate and Business Agents Supervisory Board's performance, and fairly represent the performance of the Real Estate and Business Agents Supervisory Board for the financial year ended 30 June 2009.



Mark Cuomo  
Chair



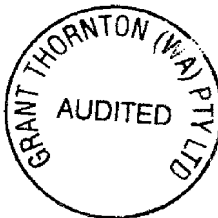
Karen Lang  
Deputy Chair



Tim Banfield  
A/Director REBA  
Chief Finance Officer



Dated: 4 September 2009



# Performance indicators 2008—2009

## Statutory role of the Board

The Board acts in the public interest as the supervisory authority for real estate and business agents and sales representatives in Western Australia. The statutory function of the Board is to regulate the conduct of agents, sales representatives and certain persons acting in respect to real estate and business transactions.

## Outcome

At the highest level, the outcome of the Board is to ensure that:

**The people of Western Australia have confidence in the real estate and business broking industry.**

## Effectiveness indicator

*The extent to which real estate and business agents comply with the requirements of the Real Estate and Business Agents Act 1978 in relation to the management of their trust accounts.*

The Board aims to positively influence the behaviour of industry participants through effective compliance activities. The extent to which the people of Western Australia can be confident that the real estate and business broking industry operates in accordance with regulatory requirements is assessed by the level of compliance relating to the management of trust accounts.

The Board's experience is that the extent of compliance in respect to trust accounts is the best single test providing a reliable indication of the extent to which agents are generally complying with the requirements of the Act. Breaches in relation to the management of trust accounts usually indicate other problems or breaches that may be occurring within an agency.

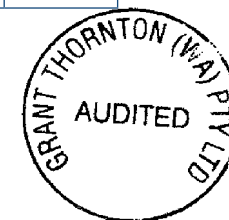
An independent auditor, who has conducted an examination of an agents trust account management, provides an audit opinion to the Board in relation to the agents' management of their trust accounts. An unqualified opinion is issued when the auditor considers the agent's trust accounts are, and have been during the period of the audit, kept in order. One aim of independent scrutiny is to provide a level of confidence regarding the management of the trust accounts. Therefore, the extent to which auditors submit unqualified audit opinions is an indication of the degree of confidence that can be held in the industry.

## Measure

The proportion of real estate and business agents that submit an unqualified audit report or a statutory declaration.

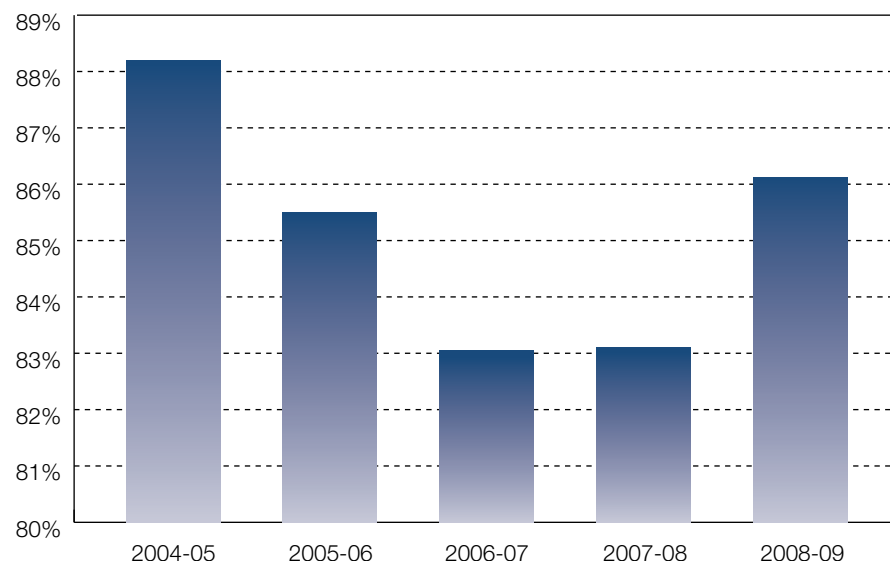
$$\begin{aligned} &\text{No. of agents submitting an unqualified audit report} \\ &+ \text{No. of agents submitting a statutory declaration} \\ &\quad \text{Total No. of agents} \end{aligned}$$

	2004-05	2005-06	2006-07	2007-08	2008-09
Unqualified Audit Reports	832	804	773	778	800
Qualified Audit Reports	239	286	313	355	307
Statutory Declarations	983	1012	1028	1147	1200
No Audit Report	4	22	56	38	17
Total Number of Agents	2058	2124	2170	2318	2324
% of Agents submitting an unqualified audit or statutory declaration	88.2	85.5	83	83.05	86.06



# Performance indicators 2008—2009

Per cent of agents submitting an unqualified audit or statutory declaration



## Notes to the indicator

Agents are required by the Act to conduct financial transactions on behalf of their principals (clients) through a trust account. If a licensed agent (individual) conducts no transactions then the agent must submit a statutory declaration confirming this. A licensed agent (individual) may work for a company and it is then the company's trust accounts that are audited.

The Board places significant reliance on audit reports to ensure that agents maintain their trust accounts in accordance with the statutory requirements. Since 2001-02, the Board has maintained a 'no tolerance' policy towards agents who fail to comply with the trust account auditing provisions of the Act. Where appropriate, the Board will commence proceedings before the SAT alleging that there is proper cause for disciplinary

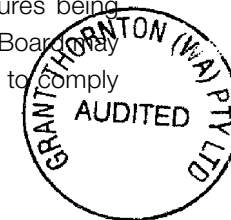
action regarding an agent's conduct. Where it is found that there is proper cause for disciplinary action against the agent, then sanctions may be imposed by SAT, which include a reprimand, a fine, suspension or cancellation of the agent's licence.

This year the number of agents has increased by six. There are 22 more unqualified audits and 48 less qualified audits. The proportion of auditors delivering unqualified audit reports and agents submitting statutory declarations has increased this year, from 83.05 to 86.06 per cent.

Although the Board is concerned about the number of audits that are qualified, it believes that to some extent this is a consequence of auditors becoming increasingly more aware of the expectations of the Board regarding auditing agents trust accounts. This has resulted in more audits being qualified for matters that are technical breaches and not considered significant. This increased awareness can be attributed to the education program and industry seminars run by the Board and its independence of auditor policy.

The qualifications raised by the auditors have been investigated, and most of them related to insignificant matters, such as clerical or titling errors by banks so that the agent's triennial certificate number or trading name have not been included on the trust account, reconciliations completed but done a few days late or not signed and dated, and trust accounts overdrawn by very small amounts from a few cents to a few dollars. Those of a significant nature related to month end reconciliation problems, particularly timing, failure to reconcile the primary trust accounts, and reconciliation of bonds with the Bond Administrator.

This year the number of auditors who failed to deliver an audit report or a statutory declaration decreased by 21. This was due to better follow up procedures being introduced in relation to late audit reports and statutory declarations. The Board may bring disciplinary proceedings against those agents and auditors who fail to comply with the Act.



# Performance indicators 2008—2009

## Efficiency indicator

*The average cost per licensed agent, of regulating the real estate and business broking industry.*

The Board provides a range of services aimed to ensure that real estate agents comply with the requirements of the Act. The following indicator measures the efficiency with which the Board achieves this.

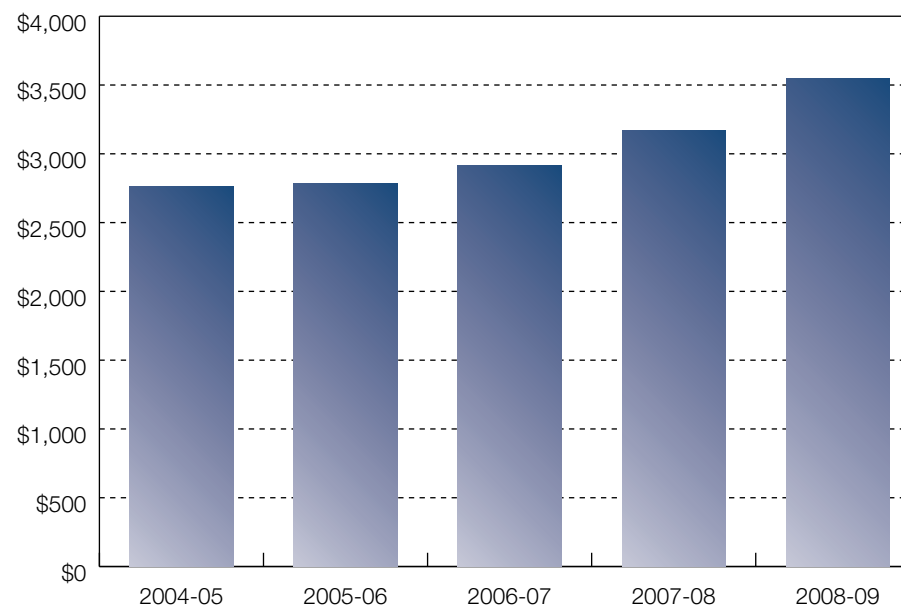
## Measure

The total cost of regulating the industry divided by the number of active licensed agents in Western Australia.

	2004-05	2005-06	2006-07	2007-08	2008-09
Annual Cost*	\$5,692,093	\$5,190,171	\$6,132,312	\$7,350,544	\$8,239,771
Active Licensed Agents	2,058	2,124	2,170	2,318	2324
Cost per Active Licensed Agents	\$2,765.84	\$2,782.57	\$2,913.39	\$3,171.07	\$3,545.51

\* Note: The annual cost of regulating the real estate and business broking industry has been calculated using the total annual expenditure of the Board less Fidelity Guarantee Account payments and First Home Buyers Grants made in that financial year. Fidelity Guarantee Account payments have been excluded as these payments relate to the reimbursement of losses that were incurred by the defalcation of a licensed real estate agent in previous financial years and therefore do not reflect on the true annual cost of regulating the real estate and business broking industry. First Home Buyers Grants have been excluded as they do not impact on the cost of regulating the real estate and business broking industry.

Cost per licensed agent of regulating the real estate and business broking industry



## Notes to the indicator

The efficiency indicator is based on the cost of delivering the service for each active licensed agent. In the 2008—09 financial year a total of \$8,239,771 was expended on regulating an industry with 2,324 active licensed agents.

The average cost of regulating the real estate and business broking industry for each licensed agent increased from \$3,171.07 in 2007—08 to \$3,545.51 this year. This increase of 11 percent was due mainly to the increase in the Service Delivery cost, Board employee benefits, advertising fees and fees of consultants and contractors.

The Board remains committed to ensuring the community of Western Australia has confidence in the real estate and business broking industry, and will allocate sufficient resources to meet the expectations and demands of the community.





## SECTION SIX

# Financial statements

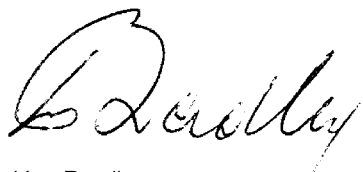
# Certification of financial statements

The accompanying financial statements of the Real Estate and Business Agents Supervisory Board have been prepared in accordance with the provisions of the *Financial Management Act 2006* from proper accounts and records and to present fairly the financial transactions for the year ending 30 June 2009 and the financial position at 30 June 2009.

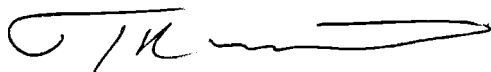
At the date of signing, we are not aware of any circumstances, which would render the particulars included in the financial statements misleading or inaccurate.



Mark Cuomo  
Chair



Ken Bradley  
Member



Tim Banfield  
A/Director REBA  
Chief Finance Officer



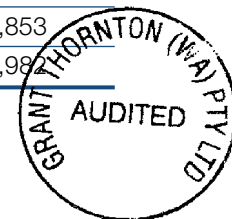
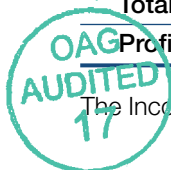
Dated: 4 September 2009



# Income Statement for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
<b>INCOME</b>			
<b>Revenue</b>			
Agents trust account interest		15,025,308	19,643,452
Licence revenue	4.	1,009,956	983,821
Contributions to the Fidelity Guarantee Account		87,750	98,250
Fines and costs		87,075	113,039
Interest revenue	5.	4,684,325	5,423,669
Other revenues	6.	58,619	272,513
<b>Gains</b>			
Gains on disposal of non-current assets	7.	–	91
<b>Total Income</b>		20,953,033	26,534,835
<b>EXPENSES</b>			
<b>Expenses</b>			
Employee benefits expense	8.	922,280	709,445
Board fees and expenses		159,508	159,232
Supplies and services	9.	6,384,905	6,162,893
Depreciation and amortisation expense	10.	1,961	34,114
Accommodation expenses	11.	10,597	9,292
Grants	12.	10,470,966	8,414,050
Fidelity payments		372,277	170,631
Other expenses	13.	36,044	40,196
<b>Total Expenses</b>		18,358,538	15,699,853
<b>Profit for the period</b>		2,594,495	10,834,982

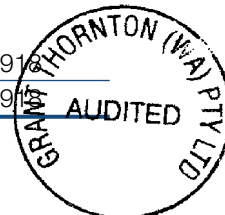
The Income Statement should be read in conjunction with the accompanying notes.



# Balance Sheet as at 30 June 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	21.	32,531,482	28,504,793
Restricted cash and cash equivalents	21.	54,567,315	54,146,074
Receivables	14.	1,856,546	3,269,689
<b>Total Current Assets</b>		<b>88,955,343</b>	<b>85,920,556</b>
<b>Non Current Assets</b>			
Property, plant and equipment	15.	12,190	8,391
Intangible Assets	16.	—	—
<b>Total Non-Current Assets</b>		<b>12,190</b>	<b>8,391</b>
<b>TOTAL ASSETS</b>		<b>88,967,533</b>	<b>85,928,947</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	18.	843,758	562,814
Provisions	19.	146,342	118,963
Licence revenue received in advance	4.	832,470	810,112
Other current liabilities	20.	4,879	4,879
<b>Total Current Liabilities</b>		<b>1,827,449</b>	<b>1,496,768</b>
<b>Non Current Liabilities</b>			
Licence revenue received in advance	4.	686,227	603,482
Provisions	19.	75,444	44,779
<b>Total Non Current Liabilities</b>		<b>761,671</b>	<b>648,261</b>
<b>Total Liabilities</b>		<b>2,589,120</b>	<b>2,145,029</b>
<b>NET ASSETS</b>		<b>86,378,413</b>	<b>83,783,918</b>
<b>EQUITY</b>			
Retained earnings		86,378,413	83,783,918
<b>TOTAL EQUITY</b>		<b>86,378,413</b>	<b>83,783,918</b>

The Balance Sheet should be read in conjunction with the accompanying notes.



# Statement of Changes in Equity for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
<b>Balance of equity at start of period</b>		83,783,918	73,004,177
<b>RETAINED EARNINGS</b>			
Balance at start of period		83,783,918	73,004,177
Change in accounting policy		–	(55,241)
Restated balance at start of accounting period		83,783,918	72,948,936
Profit for the period		2,594,495	10,834,982
Balance at end of period		86,378,413	83,783,918
<b>Balance of equity at end of period</b>		86,378,413	83,783,918
Total income and expense for the period <sup>(a)</sup>		2,594,495	10,834,982

<sup>(a)</sup> The aggregate net amount attributed to each category of equity is: surplus \$2,594,495 (2008: surplus \$10,834,982).

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

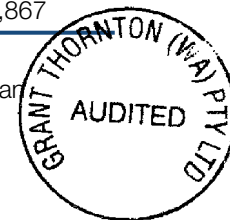
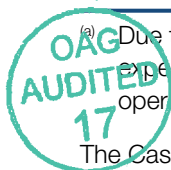


# Cash Flow Statement for the Year Ended 30 June 2009

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Agents trust account interest received		15,966,539	19,316,494
Bank and investment interest received		5,528,281	4,987,531
Licence receipts		1,115,059	902,302
Contributions paid into the Fidelity Guarantee Account		87,750	98,250
GST receipts on sales		342	926
GST receipts from ATO		140,293	98,553
Other receipts		169,424	260,686
<b>Payments</b>			
Employee benefits		(864,236)	(692,379)
Supplies and services		(7,059,064)	(6,334,164)
GST payments on purchases		(159,732)	(115,369)
Grants		(10,470,966)	(8,414,050)
<b>Net cash provided by operating activities</b>	<b>21.</b>	<b>4,453,690</b>	<b>10,108,780</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non current physical assets		–	91
Purchase of non current physical assets <sup>(a)</sup>		(5,760)	(39,032)
<b>Net cash (used in) investing activities</b>		<b>(5,760)</b>	<b>(38,941)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,447,930</b>	<b>10,069,839</b>
Cash and cash equivalents at the beginning of period		82,650,867	72,581,028
<b>CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD</b>	<b>21.</b>	<b>87,098,797</b>	<b>82,650,867</b>

<sup>(a)</sup> Due to the change in capitalisation threshold where assets below \$5,000 are to be expensed, the cash flows under investing activities represents the extent to which expenditure has been made for resources that are initially recognised as an asset in the balance sheet. Therefore, expenditure on items below \$5,000 is classified as an operating activity.

The Cash Flow Statement should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 1. Australian equivalents to International Financial Reporting Standards

### *General*

The Board's financial statements for the year ending 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprises a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Interpretations).

In preparing these financial statements the Board has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

### *Early adoption of standards*

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Board for the annual reporting period ending 30 June 2009.

## 2. Summary of significant accounting policies

### *(a) General Statement*

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### *(b) Basis of Preparation*

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (unless otherwise stated).

There have been no judgements made in the process of applying the Board's accounting policies that have significant effect on the amounts recognised in the financial statements.

### *(c) Reporting Entity*

The reporting entity comprises only the Board and there are no related bodies.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## **(d) Income**

### *Revenue Recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for major business activities as follows:

Proceeds from triennial licensing fees are allocated over 36 months from the month of receipt. The portion of licensing fees which are related to the current year are recognised as revenue. The remainder of the proceeds is recognised as Revenue received in advance.

Interest revenue is recognised as the interest accrues.

### *Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non current assets.

## **(e) Property, Plant and Equipment**

### *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

### *Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

### *Subsequent measurement*

After recognition as an asset the Board uses the cost model with all items of property, plant and equipment carried at cost less accumulated depreciation and accumulated impairment losses.

### *Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Computer Hardware	3 years
Office and other equipment	5 to 10 years
Furniture and fittings	10 years



# Notes to the Financial Statements for the Year Ended 30 June 2009

## (f) Intangible Assets

### *Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 are immediately expensed directly to the Income Statement.

All intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

REMIS software <sup>(a)</sup>	5 years
Software <sup>(a)</sup>	3 to 5 years

<sup>(a)</sup> Software that is not integral to the operation of any related hardware.

### *Computer Software*

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

### *Web site costs*

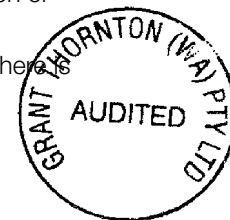
Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

## (g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Board is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.



# Notes to the Financial Statements for the Year Ended 30 June 2009

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

See note 17. 'Impairment of assets' for the outcome of impairment reviews and testing.

## **(h) Leases**

The Board has entered into a number of operating lease arrangements for the rent of vehicles where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the use of these vehicles.

## **(i) Financial instruments**

In addition to cash the Board has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

### Financial Assets

- Cash and cash equivalents
- Receivables

### Financial Liabilities

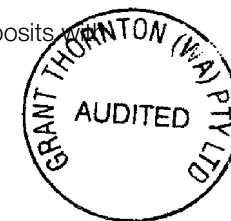
- Payables

Initial recognition and measurement is at fair value. The transaction cost or the face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

## **(j) Cash and cash equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## **(k) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

## **(l) Payables**

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

## **(m) Provisions**

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

### **(i) Provisions – Employee Benefits**

#### *Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

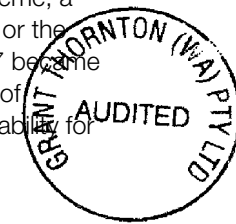
The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### *Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation (GSS) Scheme, a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of the Pension or the GSS schemes became non contributory members of the West State Superannuation (WSS) Scheme. Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESB'S). Both of these schemes are accumulation schemes. The Board makes concurrent contributions to GESB on behalf of employees in compliance with the with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Schemes.



# Notes to the Financial Statements for the Year Ended 30 June 2009

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at balance sheet date. The liabilities under these schemes have been calculated separately for each scheme annually by Price Waterhouse Coopers using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS Scheme, the WSS Scheme and the GESB'S Scheme, where the current service superannuation charge is paid by the Board to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, WSS Scheme and the GESB'S Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Boards perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

## *(ii) Provisions – Other*

### *Employment On Costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

## *(n) Superannuation Expense*

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

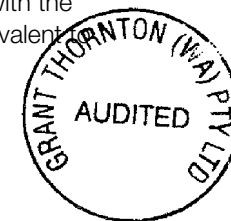
The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

## *(o) Accrued Salaries*

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to the net fair value.

## *(p) Comparative Figures*

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 3. Disclosure of changes in accounting policy and estimates

### *Initial application of an Australian Accounting Standard*

The Board has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impact on the Board:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';

AASB 1050 'Administered Items';

AASB 1051 'Land Under Roads';

AASB 1052 'Disaggregated Disclosures';

AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance (*for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced*), otherwise, there is no financial impact.

### *Changes in accounting estimates*

There were no changes in accounting estimates that will have an effect on the current reporting period.

### *Voluntary changes in Accounting Policy*

As from the 1st of July 2008 the Board changed the asset recognition threshold for property, plant & equipment and intangible assets from \$1,000 to \$5,000.

This is in accordance with a standard asset capitalisation threshold set under TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'.

In applying this change the amount written off (\$55,241) has been adjusted under AASB 108 against the opening balance of accumulated retained earnings at 1 July 2008.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## *Future impact of Australian Accounting Standards not yet operative*

The Board cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Board has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Board but are not yet effective. Where applicable, the Board plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Board does not expect any financial impact when the Standard is first applied.	1-January-2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Board does not expect any financial impact when the Standard is first applied prospectively.	1-July-2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Board does not expect any financial impact when the Standard is first applied.	1-January-2009



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 4. Licence income

Proceeds from triennial licensing fees are allocated over 36 months from the month of receipt.

Fees relating to the current financial year are recognised as revenue. The balance of the fees are credited into the Revenue received in advance accounts.

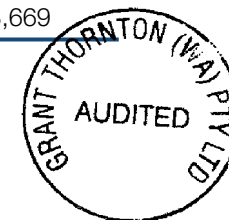
Analysis of the fees is as follows:

	2009 \$	2008 \$
Revenue received in advance 1 July balance (current)	810,112	825,751
Revenue received in advance 1 July balance (non current)	603,482	669,362
Cash received during the year	1,115,059	902,302
<b>Total receipts received</b>	<b>2,528,653</b>	<b>2,397,415</b>
Revenue recognised during the year	1,009,956	983,821
<b>Revenue received in advance</b>	<b>1,518,697</b>	<b>1,413,594</b>
<b>Held in</b>		
Revenue received in advance account (current)	832,470	810,112
Revenue received in advance account (non current)	686,227	603,482
<b>Total</b>	<b>1,518,697</b>	<b>1,413,594</b>

## 5. Interest Revenue

Received from

	2009 \$	2008 \$
Interest from on call bank accounts	239,065	181,043
Interest from Investment accounts	4,445,260	5,242,626
<b>Total</b>	<b>4,684,325</b>	<b>5,423,669</b>



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 6. Other revenues

Other revenues consists of:

	2009 \$	2008 \$
Advertisement fees	14,103	13,365
Contribution to vehicle use	2,563	3,171
Recovery of funds	–	35,598
Late Fees	22,893	14,430
Refund by DOCEP	–	180,456
Miscellaneous revenue	19,060	25,493
<b>Total</b>	<b>58,619</b>	<b>272,513</b>

## 7. Net gain/(loss) on disposal of non current assets

Costs of Disposal of Non-Current Assets

Computers	–	–
Proceeds from Disposal of Non-Current Assets		
Computers	–	91
<b>Net gain/(loss)</b>	<b>–</b>	<b>91</b>

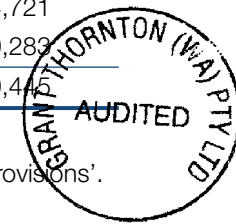
## 8. Employee benefits expense

The Board procures services from the Dept of Commerce under a service delivery agreement. The current arrangement which started in the 1999/2000 financial year is for an all inclusive fixed fee. The wages and salaries figure below represents only that of employees directly employed by the Board.

Wages and salaries	684,506	512,563
Change in Annual Leave Provisions	(2,550)	(5,020)
Change in Long Service Leave Provisions	57,443	17,898
Superannuation	79,980	64,721
Other related expenses	102,901	119,283
<b>Total Staff costs</b>	<b>922,280</b>	<b>709,465</b>

Other related expenses include training & conferences, travel, vehicles and FBT.

Employment on-costs such as workers' compensation insurance are included at note 13. 'Other expenses'. The employment on costs liability is included at note 19. 'Provisions'.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 9. Supplies and services

	2009 \$	2008 \$
Advertising	27,982	8,951
Bank charges	5,446	4,413
Communications	6,348	5,448
Consultants and contractors fees	104,435	17,100
Consumables	13,274	18,213
Hire charges	988	17,127
Insurance	14,089	12,033
Legal	184,939	414,055
Miscellaneous	2,848	2,459
Printing	52,396	42,615
Professional services	84,546	335,208
Repair and maintenance	177	50
Service Delivery Agreement	5,831,200	5,260,608
Software < \$5,000 & Software Licences	2,887	–
Stationery	9,468	12,262
Sundry assets costing under \$1000	43,882	10,808
Website subscription	–	1,543
<b>Total</b>	<b>6,384,905</b>	<b>6,162,893</b>

The Service delivery agreement costs cover the procurement of services from the Department of Commerce. The current agreement is for a fixed fee which is reviewed annually.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 10. Depreciation and amortisation expense

	2009 \$	2008 \$
Depreciation		
Computers	–	27,919
Office equipment	1,961	5,193
Furniture and fittings	–	1,002
Total depreciation	1,961	34,114
Amortisation		
Intangible assets (REMIS software)	–	–
Total amortisation	–	–
Total depreciation and amortisation	1,961	34,114

## 11. Accommodation expenses

	2009 \$	2008 \$
Occupancy costs and parking	10,597	9,292



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 12. Grants

	2009 \$	2008 \$
Education grants and funding for education		
AAMC Training Group	–	6,804
Central TAFE	67,290	22,640
Kaplan Professional	30,732	2,635
REIWA	278,115	126,053
West Coast Property Training	381,916	77,240
Total	758,053	235,372
First Home Buyers grants	9,712,913	8,178,678
Total grants	10,470,966	8,414,050

A total of 4,945 First Home Buyers grants totalling \$9,712,913 at an average of \$1,964 were made during the year. In 2007/08 4,166 grants totalling \$8,178,678 at an average of \$1,963 were made.

## 13. Other expenses

	2009 \$	2008 \$
Audit fees	28,500	27,700
Employment on costs <sup>(a)</sup>	7,544	12,496
	36,044	40,196

<sup>(a)</sup> Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19. 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 14. Receivables

	2009 \$	2008 \$
Current		
Accounts Receivable	395,818	150
Accrued agents trust account interest	768,057	1,709,287
Accrued investment interest	673,233	1,517,189
GST Recoverable	19,438	43,063
<b>Total</b>	<b>1,856,546</b>	<b>3,269,689</b>

## 15. Property, plant and equipment

	2009 \$	2008 \$
Computers at cost	5,574	5,574
Accumulated Depreciation	(5,574)	(5,574)
Accumulated Impairment Losses	—	—
	—	—
Office Equipment at cost	22,408	16,648
Accumulated Depreciation	(10,218)	(8,257)
Accumulated Impairment Losses	—	—
	12,190	8,391
Furniture and Fittings at cost	—	—
Accumulated Depreciation	—	—
Accumulated Impairment Losses	—	—
	—	—
<b>Total Property Plant &amp; Equipment</b>	<b>12,190</b>	<b>8,391</b>



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 15. Property, plant and equipment (continued)

Reconciliations of the carrying amount of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	2009 \$	2008 \$
Computers		
Carrying amount at start of year	—	51,265
Additions	—	29,454
Disposals	—	(60,470)
Accumulated depreciation on disposals	—	60,470
Depreciation expense	—	(27,919)
Change in accounting policy	—	(52,800)
Carrying amount at end of year	—	—
Office Equipment		
Carrying amount at start of year	8,391	4,979
Additions	5,760	9,578
Disposals	—	(22,385)
Accumulated depreciation on disposals	—	22,385
Depreciation expense	(1,961)	(5,193)
Change in accounting policy	—	(973)
Carrying amount at end of year	12,190	8,391
Furniture and Fittings		
Carrying amount at start of year	—	2,470
Additions	—	—
Disposals	—	—
Accumulated depreciation on disposals	—	—
Depreciation expense	—	(1,000)
Change in accounting policy	—	(1,468)
Carrying amount at end of year	—	—
<b>Total Property, plant and equipment</b>	<b>12,190</b>	<b>8,391</b>

OAG  
AUDITED  
17

GRANT THORNTON (WA) PTY LTD  
AUDITED

# Notes to the Financial Statements for the Year Ended 30 June 2009

## 16. Intangible assets

	2009 \$	2008 \$
REMIS Software at cost	—	—
Accumulated amortisation	—	—
Accumulated Impairment Losses	—	—
	—	—
REMIS Software		
Carrying amount at start of year	—	—
Additions	—	—
Disposals	—	334,448
Accumulated amortisation on disposals	—	(334,448)
Amortisation expense	—	—
	—	—
Carrying amount at end of year	—	—

## 17. Impairment of assets

There were no indications of impairment of Property, plant and equipment and Intangible assets at 30 June 2009.

The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

There were no surplus assets at 30 June 2009 held for sale or write off.



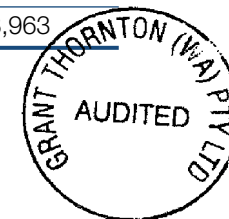
# Notes to the Financial Statements for the Year Ended 30 June 2009

## 18. Payables

	2009 \$	2008 \$
Current		
Accrued expenses		
Audit fees	28,500	27,700
Dept of Commerce	673,430	504,403
Fidelity claims	3,382	–
GST Payable	–	69
Miscellaneous creditors	127,335	15,020
Salaries and superannuation	11,111	15,622
Total	843,758	562,814

## 19. Provisions

	2009 \$	2008 \$
Current		
Employee Benefits Provisions		
Annual leave <sup>(a)</sup>	39,511	43,005
Long service leave <sup>(b)</sup>	88,755	59,826
Superannuation	10,538	8,591
	138,804	111,422
Other provisions		
Employment on costs <sup>(c)</sup>	7,538	7,541
Total	146,342	118,963



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 19. Provisions (continued)

	2009 \$	2008 \$
Non Current		
Employee Benefits Provisions		
Long service leave <sup>(b)</sup>	69,973	41,832
Superannuation	4,785	2,738
	74,758	44,570
Other provisions		
Employment on costs <sup>(c)</sup>	686	209
Total	75,444	44,779

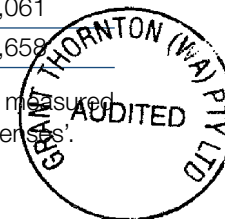
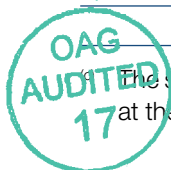
<sup>(a)</sup> Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2009 \$	2008 \$
Within 12 months of balance sheet date	23,596	25,889
More than 12 months after balance sheet date	15,915	17,116
	39,511	43,005

<sup>(b)</sup> Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 \$	2008 \$
Within 12 months of balance sheet date	60,110	36,597
More than 12 months after balance sheet date	98,618	65,061
	158,728	101,658

<sup>(c)</sup> The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 13. 'Other expenses'.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2009 \$	2008 \$
Employment on-cost provision		
Carrying amount at start of year	7,750	7,132
Additional provisions recognised	474	618
Carrying amount at end of year	8,224	7,750

## 20. Other liabilities

	2009 \$	2008 \$
Current		
Unclaimed monies	4,879	4,879
Total	4,879	4,879

## 21. Notes to the Cash Flow Statement

Cash resources are held exclusively for use by the Real Estate and Business Agents Supervisory Board under the provisions of the Real Estate and Business Agents Act 1978.

### Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2009 \$	2008 \$
<b>Cash and cash equivalents at bank</b>		
Education and General Purpose Account	975,674	648,986
Fidelity Guarantee Account (Restricted cash)	289,264	179,221
Home Buyers Assistance Account (Restricted cash)	1,437,476	726,278
Board Interest Account	500	500
Petty Cash	300	300
	2,703,214	1,555,285



# Notes to the Financial Statements for the Year Ended 30 June 2009

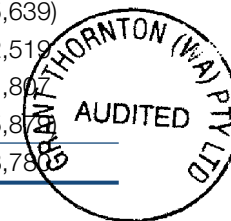
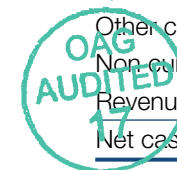
## 21. Notes to the Cash Flow Statement (continued)

### Cash and cash equivalents held with Treasury

	2009 \$	2008 \$
Education and General Purpose Account	31,555,008	27,855,007
Fidelity Guarantee Account (Restricted cash)	36,955,575	34,355,575
Home Buyers Assistance Account (Restricted cash)	15,885,000	18,885,000
	84,395,583	81,095,582
	87,098,797	82,650,867
Cash and cash equivalents	32,531,482	28,504,793
Restricted cash and cash equivalents	54,567,315	54,146,074
<b>Total cash and cash equivalents</b>	<b>87,098,797</b>	<b>82,650,867</b>

### Reconciliation of profit to net cash flows provided by operating activities

	2009 \$	2008 \$
Profit	2,594,495	10,834,982
Non-cash items:		
Depreciation and amortisation expense	1,961	34,114
Net (gain)/loss on sale of property, plant & equipment	–	(91)
(Increase)/decrease in assets:		
Current receivables	1,413,144	(788,484)
Increase/(decrease) in liabilities:		
Current Payables	280,944	90,192
Current Provisions	27,379	5,259
Revenue received in advance, current liabilities	22,358	(15,639)
Other current liabilities	–	2,519
Non-current provisions	30,665	11,807
Revenue received in advance, non current liabilities	82,744	(65,874)
<b>Net cash provided by operating activities</b>	<b>4,453,690</b>	<b>10,108,786</b>



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 22. Contingent Liabilities and Contingent Assets

### *Contingent Liabilities*

In addition to the liabilities incorporated in the financial statements the Board is aware of 47 claims (181 as at 30/6/2008) against the Fidelity Guarantee Account totalling \$2.407m (\$5.764m as at 30/6/2008) for which no liability has been admitted by the Board.

### *Contingent Assets*

The Board does not have any contingent assets in addition to the assets included in the financial statements.

## 23. Remuneration of members of the Board and senior officers

### *Remuneration of members of the Board*

The number of members of the Board whose total of fees, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2009	2008
\$0 – \$10,000	2	4
\$10,001 – \$20,000	2	0
\$20,001 – \$30,000	2	3
\$30,001 – \$40,001	1	1
\$60,001 – \$70,000	1	1
Total remuneration of members of the Board is:	178,972	172,316

The total remuneration includes the superannuation expense incurred by the Board in respect of members of the Board.

No members of the Board are members of the Pension Scheme.

### *Remuneration of Senior Officers*

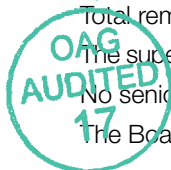
The number of senior officers other than senior officers reported as members of the Board whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, falls within the following bands are:

	2009	2008
\$70,001 – \$80,000	1	1
Total remuneration of senior officers is:	84,627	77,667

The superannuation included here represents the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Board.

No senior officers are members of the Pension Scheme.

The Board procures services from the Dept of Commerce. The number of senior officers providing these services are included in the annual report of the Department.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 24. Remuneration of auditor

Remuneration to the Auditor General in respect to the audit for the current financial year is as follows;

	2009 \$	2008 \$
Auditing the accounts, financial statements and performance indicators	28,500	27,700

## 25. Special purpose accounts

### *Special Purpose Account [section 16(1)(c)] of FMA*

The Real Estate and Business Agents Supervisory Board Treasury Trust Account

The purpose of the trust account is to hold moneys:

- 1) from Real Estate and Business Agencies and Agents;
- 2) as a result of legal proceedings;
- 3) from a liquidator appointed to an agency
- 4) from a Supervisor appointed to an agency following the end of that appointment;
- 5) from a trustee in bankruptcy; or
- 6) otherwise pending a direction from the Real Estate and Business Agents Supervisory Board.

The monies detailed below are not included in the Board's financial statements as they are being held in trust pending distribution and form no part of the financial operations of the Board.

	2009 \$	2008 \$
Opening balance	17,861	17,911
Receipts	48,728	–
Payments	–	(50)
Closing Balance	66,589	17,861

## 26. Supplementary financial information

Write-offs

The Board approve write-offs totalling \$1,972 during the financial year. These were for the difference in licence fees for applications made prior to a fee increase and the fee applicable at the time the applications were approved.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 27. Segment (service) information

The service provided by the Board is '**Regulation**' or '**regulatory services**'.

As there is only one service for the Board there is no separate reporting under services.

## 28. Commitments

Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:

	2009 \$	2008 \$
Within 1 year	5,691	14,202
Later than 1 year and not later than 5 years	–	5,176
Later than 5 years	–	–
	5,691	19,378
Representing:		
Non-cancellable operating leases	5,691	19,378

These commitments are all inclusive of GST.

The Board does not have any capital or finance lease commitments contracted for at the balance sheet date not recognised as liabilities.

## 29. Events occurring after the balance sheet date

The Board is not aware of any events occurring after the balance sheet date that materially affect these financial statements.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 30. Explanatory statement

This statement provides detail of any significant variations between estimates and actual results for 2009 and between the actual results for 2008 and 2009.

Significant variations are considered to be those greater than 10% and \$50,000

### Significant variations between estimate and actual results for the financial year

	2009 Estimate \$	2009 Actual \$	Variation \$
<b>Income</b>			
Fines and costs	30,000	87,075	57,075
<b>Expenses</b>			
Fidelity payments	3,157,129	372,277	(2,784,852)

### Fines and costs

The quantum of fines and hearing costs cannot be controlled and may vary considerably from year to year and as such budgets are prepared on a conservative basis.

### Fidelity payments

The Board allowed in the budget full payment of contingent liabilities for fidelity claims. Some of these claims were not allowed or have yet to be finalised.

### Significant variations between actual results and prior year – revenues and expenditure

	2009 \$	2008 \$	Variation \$
<b>Income</b>			
Agents trust account interest	15,025,308	19,643,452	(4,618,144)
Interest revenue	4,684,325	5,423,669	(739,344)
Other revenues	58,619	272,513	(213,894)
<b>Expenses</b>			
Employee benefits expense	922,280	709,445	212,835
Grants	10,470,966	8,414,050	2,056,916
Fidelity payments	372,277	170,631	201,646



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 30. Explanatory statement *(continued)*

### Agents trust account interest

The decrease in income from agents trust accounts is due to a combination of lower interest rates and activity/prices in the industry.

### Interest revenue

The lower level of interest income is due to lower interest rates.

### Other revenues

Other revenue for 2007/08 was abnormally high due to a refund received by the Board from the Department of Consumer and Employment Protection. The amount received for 2008/09 is in line with a normal years income.

### Employee benefits expense

The increase in employee expenses is due to additional staffing and an increase in leave liability.

### Grants

The increase in grant expenditure is due to:

- payments for training/education within the industry +\$522,681
- increase in the number of first home buyer grants paid in the year (779 for \$1,534,235)

### Fidelity payments

Payments for fidelity grants were higher than the previous year due to a greater number of claims being processed during the current year.

## 31. Financial instruments

### *(a) Financial Risk Management Objectives and Policies*

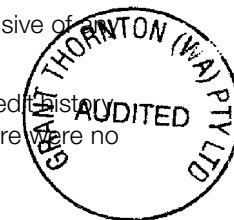
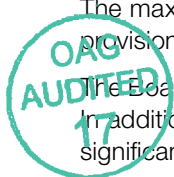
Financial instruments held by the Board are cash and cash equivalents, receivables and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of provisions for impairment, as shown in the table at Note 31c.

The Board trades only with recognised, creditworthy third parties. The Board has policies in place to ensure that services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the balance sheet date, there were no significant concentrations of credit risk.



# Notes to the Financial Statements for the Year Ended 30 June 2009

Allowance for impairment of financial assets is calculated on objective experience such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 31c 'Financial Instruments Disclosures'.

## *Liquidity risk*

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board is exposed to liquidity risk through its trading in the normal course of business.

The Board has appropriate procedures to manage cash flows by monitoring cash flows to ensure that sufficient funds are available to meet its commitments.

## *Market risk*

Market risk is the risk that changes in the market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments.

The Board does not trade in foreign currency and is not materially exposed to other price risks.

The Board's exposure to market risk for changes in interest rates relate primarily to cash and cash equivalent holdings. Variations in interest rates have a direct impact on the Board's earnings however, movements in interest rates are beyond the Board's control.

Other than detailed in the interest rate sensitivity analysis table the Board has limited exposure to interest rate risk because it has no borrowings.

## **(b) Categories of Financial Instruments**

In addition to cash the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows.

	2009 \$	2008 \$
<b>Financial Assets</b>		
Cash assets	32,531,482	28,504,793
Restricted cash assets	54,567,315	54,146,074
Receivables	1,856,546	3,269,689
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost <sup>(a)</sup>	2,367,334	1,981,288

<sup>(a)</sup> the amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable)



# Notes to the Financial Statements for the Year Ended 30 June 2009

## (c) Financial Instruments Disclosures

### Credit Risk, Liquidity Risk and Interest Rate Risk Exposure

The following table discloses the Board's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below.

The table discloses the ageing analysis of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

The Board does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

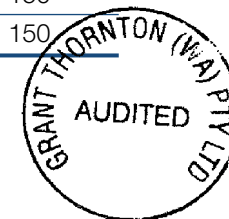
The Board does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

### Interest rate exposures of financial assets

	Weighted Avg Effective Int Rate %	Carrying Amount \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>Financial Assets</b>				
<b>2009</b>				
Cash assets	3.2%	32,531,482	32,531,482	–
Restricted cash assets	3.2%	54,567,315	54,567,315	–
Receivables		395,818	–	395,818
		87,494,615	87,098,797	395,818
<b>2008</b>				
Cash assets	7.6%	28,504,793	28,504,793	–
Restricted cash assets	7.6%	54,146,074	54,146,074	–
Receivables		150	–	150
		82,651,017	82,650,867	150

The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

The Board does not have any past due or impaired financial assets.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

## Interest rate exposures of financial liabilities

	Weighted Avg Effective Int Rate %	Carrying Amount \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>Financial Liabilities</b>				
<b>2009</b>				
Payables <sup>(a)</sup>	3.2%	843,758	843,758	–
Licence revenue received in advance		1,518,697	–	1,518,697
		2,362,455	843,758	1,518,697
<b>2008</b>				
Payables <sup>(a)</sup>	7.6%	562,745	562,745	–
Licence revenue received in advance		1,413,595	–	1,413,595
		1,976,340	562,745	1,413,595

<sup>(a)</sup> The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-1% change		+1% change	
2009	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial Assets</b>					
Cash assets	32,531,482	(325,315)	(325,315)	325,315	325,315
Restricted cash assets	54,567,315	(545,673)	(545,673)	545,673	545,673
<b>Financial Liabilities</b>					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(870,988)	(870,988)	870,988	870,988

		-1% change		+1% change	
2008	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial Assets</b>					
Cash assets	28,504,793	(285,048)	(285,048)	285,048	285,048
Restricted cash assets	54,146,074	(541,461)	(541,461)	541,461	541,461
<b>Financial Liabilities</b>					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(826,509)	(826,509)	826,509	826,509

## Fair Values

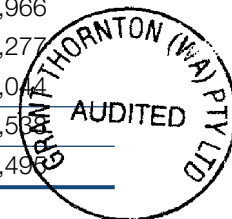
All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent reasonable approximation of fair value unless otherwise stated in the applicable notes.



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 32. Income Statement for the year ended 30 June 2009 separated under Accounts operated by the Board

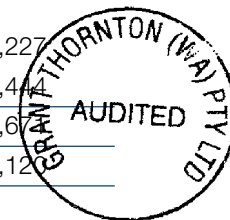
	Education and General Purpose \$	Fidelity Guarantee Account \$	Home Buyers Assist Account \$	Board Interest Account \$	Total \$
<b>INCOME</b>					
<b>Revenue</b>					
Agents trust account interest	8,580,488	677,407	5,795,593	(28,180)	15,025,308
Licence income	1,009,956				1,009,956
Contributions to the Fidelity Guarantee Account	(225)	87,975			87,750
Fines and costs	84,675	2,400			87,075
Interest revenue	1,671,228	1,923,267	1,061,581	28,249	4,684,325
Other revenues	58,619				58,619
<b>Gains</b>					
Gains on disposal of non-current assets					—
<b>Total Income</b>	<b>11,404,741</b>	<b>2,691,049</b>	<b>6,857,174</b>	<b>69</b>	<b>20,953,033</b>
<b>EXPENSES</b>					
<b>Expenses</b>					
Employee benefits expense	922,280				922,280
Board fees and expenses	159,508				159,508
Supplies and services	6,357,528	26,850	459	68	6,384,905
Depreciation and amortisation expense	1,961				1,961
Accommodation expenses	10,597				10,597
Grants	758,053		9,712,913		10,470,966
Fidelity payments		372,277			372,277
Other expenses	36,044				36,044
<b>Total Expenses</b>	<b>8,245,971</b>	<b>399,127</b>	<b>9,713,372</b>	<b>68</b>	<b>18,358,538</b>
<b>Profit/(loss) for the period</b>	<b>3,158,770</b>	<b>2,291,922</b>	<b>(2,856,198)</b>	<b>1</b>	<b>2,594,495</b>



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 33. Balance Sheet as at 30 June 2009 separated under the Accounts operated by the Board

	Education and General Purpose \$	Fidelity Guarantee Account \$	Home Buyers Assist Account \$	Board Interest Account \$	Total \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	32,530,982			500	32,531,482
Restricted cash and cash equivalents		37,244,839	17,322,476		54,567,315
Receivables	1,117,757	308,182	430,607		1,856,546
<b>Total Current Assets</b>	<b>33,648,739</b>	<b>37,553,021</b>	<b>17,753,083</b>	<b>500</b>	<b>88,955,343</b>
<b>Non Current Assets</b>					
Property, plant and equipment	12,190				12,190
Intangible Assets					–
<b>Total Non-Current Assets</b>	<b>12,190</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12,190</b>
<b>TOTAL ASSETS</b>	<b>33,660,929</b>	<b>37,553,021</b>	<b>17,753,083</b>	<b>500</b>	<b>88,967,533</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	840,376	3,382			843,758
Provisions	146,342				146,342
Licence revenue received in advance	832,470				832,470
Other current liabilities	1,335	1,544	2,000		4,879
<b>Total Current Liabilities</b>	<b>1,820,523</b>	<b>4,926</b>	<b>2,000</b>	<b>–</b>	<b>1,827,449</b>
<b>Non Current Liabilities</b>					
Licence revenue received in advance	686,227				686,227
Provisions	75,444				75,444
<b>Total Non Current Liabilities</b>	<b>761,671</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>761,671</b>
<b>Total Liabilities</b>	<b>2,582,194</b>	<b>4,926</b>	<b>2,000</b>	<b>–</b>	<b>2,589,120</b>



# Notes to the Financial Statements for the Year Ended 30 June 2009

## 33. Balance Sheet as at 30 June 2009 separated under the Accounts operated by the Board (continued)

	Education and General Purpose \$	Fidelity Guarantee Account \$	Home Buyers Assist Account \$	Board Interest Account \$	Total \$
<b>NET ASSETS</b>	31,078,735	37,548,095	17,751,083	500	86,378,413
<b>EQUITY</b>					
Retained earnings	31,078,735	37,548,095	17,751,083	500	86,378,413
<b>TOTAL EQUITY</b>	31,078,735	37,548,095	17,751,083	500	86,378,413



# Appendix

## Concluded State Administrative Tribunal Disciplinary Matters (1 July 2008 – 30 June 2009)

VR Number	Respondents	Findings	Penalty	Costs
VR 110 of 2008	Ahmed Eddie Kamil	<p>A. From on or about 9 December 2005 until about June 2006, by failing to advise the owners of the property that he was the actual purchaser of that property, Ahmed Eddie Kamil:</p> <p>(a) knowingly mislead or deceived a party in a transaction contrary to article 5(2) of the Code of Conduct;</p> <p>(b) failed to act fairly and honestly contrary to article 5(1) of the Code of Conduct;</p> <p>(c) continued to act where to do so would place his interest in conflict with that of his principal contrary to article 10(1) of the Code of Conduct; and</p> <p>(d) indirectly purchased an interest in real estate which he was engaged to sell, without obtaining the prior written consent of his principal, contrary to article 10(2) of the Code of Conduct.</p> <p>B. There is proper cause for disciplinary action against Ahmed Eddie Kamil pursuant to section 103(4)(d) of the Act in that he is unfit to hold a certificate of registration.</p>	Cancellation of registration and disqualified from holding a registration for a period of ten years.	The costs of the Board in bringing and maintaining this application in the sum to be agreed by the parties or, in the absence of agreement, to be fixed by the President of the Tribunal.
VR 79 of 2008	1st Respondent Illyarrie Nominees Pty Ltd	Debiting monies from one of their trust accounts, acted contrary to section 68(4) of the Act.	\$4,000 paid in clear funds within six months of the date of the order failing which the licence will be suspended.	\$500  Costs to be paid within 28 days failing which her licence will be suspended until payment is made.

# Appendix

VR Number	Respondents	Findings	Penalty	Costs
VR 79 of 2008	2nd Respondent Bernice Goddard	Debiting monies from one of their trust accounts, acted contrary to section 68(4) of the Act and failed to properly supervise the agency business contrary to article 6(2) of the Code of Conduct.	\$500.  Suspension 28 days.	\$500  Costs to be paid within 28 days failing which her licence will be suspended until payment is made.
VR 281 of 2005 [2008] WASAT 193	Michael Moojan Mavaddat	Dishonest conduct and misuse of company funds for his own purposes.  Breach of section 61(3)(c), 61(5) and 60(2) of the Act.	Cancellation of his triennial certificate and permanent disqualification from holding a licence or triennial certificate. Fine \$1000	To be agreed if not fixed by the tribunal.
VR 137 of 2008	1st Respondent We Rent Property Management Pty Ltd	Received valuable consideration for or in relation to the sale of two properties of which an employee had an interest in contravention of section 64(2) and 64(4) of the Act.  Received a valuable consideration greater than the amount agreed in writing with the principal contrary to article 14(a) of the Code of Conduct.  Received a commission in respect of the sale of three properties where the principal had not given prior written informed consent contrary to article 10(3) of the Code of Conduct.	\$500 & refund the commission paid of the property sold in February 2003 if the vendor requests such to occur.  Fines to be paid within 28 failing which its licence will be suspended until payment is made (from 3/11/08).	\$500  Costs to be paid within 28 days failing which its licence will be suspended until payment is made.
VR 137 of 2008	2nd Respondent Betty Garlett	Did not exercise skill, care and diligence contrary to article 7 of the Code of Conduct.	\$500  Fines to be paid within 28 failing which her licence will be suspended until payment is made (from 3/11/08).	\$500  Costs to be paid within 28 days failing which her licence will be suspended until payment is made.
VR 137 of 2008	3rd Respondent Kerry McEarchern	Did not exercise skill, care and diligence contrary to article 7 of the Code of Conduct.	\$500  Fines to be paid within 28 failing which her licence will be suspended until payment is made (from 3/11/08).	\$500  Costs to be paid within 28 days failing which her licence will be suspended until payment is made.

# Appendix

VR Number	Respondents	Findings	Penalty	Costs
VR 137 of 2008	4th Respondent Giovanna Noblett	Inadequate supervision and did not take reasonable steps to ensure the Code of Conduct and Act were complied with contrary to article 6(2) of the Code of Conduct.	\$1,500  Fines to be paid within 28 failing which her licence will be suspended until payment is made (from 3/11/08).	\$500  All costs to be paid within 28 days failing which her licence will be suspended until payment is made.
VR 205 of 2008	Gavin Plows	The respondent withdrew amounts of \$5000, \$148.90 and \$190 from his trust account contrary to section 68(4) of the Act. The respondent failed to correctly balance his trust account for each month from December 2005 to October 2006 contrary to section 68(6)(d). The respondent did not promptly supply to the principal relevant information and material which his principal may reasonably require in order to be satisfied as to the amount of advertising expenses contrary to Article 15(1) of the Code of Conduct.	\$2500.00 in clear funds within 3 months of the date of the Order (28/01/09) failing which his licence will be suspended until payment is made.	\$500 in clear funds within 3 months of the date of the Order failing which his licence will be suspended until payment is made.

# Appendix

VR Number	Respondents	Findings	Penalty	Costs
VR 11 of 2009	Robert Caruso	<p>The respondent:</p> <ol style="list-style-type: none"> <li>1. Failed to act in the best interests of his principal contrary to article 2 of the Code of Conduct.</li> <li>2. Knowingly misled and deceived his principal as to the payment of the deposit for certain properties contrary to article 5(2) of the Code of Conduct.</li> <li>3. Failed to exercise skill, care and diligence in that he did not ensure the deposit and finance clauses in two separate property contracts were complied with and failed to notify the principal or principal's settlement agent when such non-compliance occurred contrary to article 7 of the Code of Conduct.</li> <li>4. Continued to act in a situation in which his interests were in conflict with the interests of the principal contrary to article 10(1) of the Code of Conduct.</li> <li>5. Became beneficially interested in the purchase of certain property without the prior written consent of his principal contrary to article 10(2) of the Code of Conduct.</li> </ol>	\$1,500.00 in clear funds within 28 days of the date of the Order (28/01/09) failing which his certificate of registration will be suspended until payment is made.	\$500 in clear funds within 28 days of the date of the Order failing which his certificate of registration will be suspended until payment is made.
VR 12 of 2009	1st Respondent Across Pty Ltd	<p>The first respondent represented itself as acting as an agent of behalf of the owners of property without written authority contrary to article 4(1) of the Code of Conduct.</p> <p>The first respondent advertised a property was for sale without written authority contrary to article 4(3) of the Code of Conduct.</p>	\$2500.00 in clear funds within 28 days of the date of the Order failing which its licence will be suspended until payment is made.	\$500 in clear funds within 28 days of the date of the Order failing which its licence will be suspended until payment is made.

# Appendix

VR Number	Respondents	Findings	Penalty	Costs
VR 12 of 2009	2nd Respondent Jeanette Radley	The second respondent represented herself as acting as an agent on behalf of the owners of the property without written authority contrary to article 4(1) of the Code of Conduct.	\$1,250.00 in clear funds within 28 days of the date of the Order failing which her certificate will be suspended until payment is made.	\$500 in clear funds within 28 days of the date of the Order failing which her certificate will be suspended until payment is made.
VR 172 of 2008	Garrick McCamey	The respondent: <ol style="list-style-type: none"> <li>1. Failed to act in the best interests of the seller contrary to article 2 of the Code of Conduct .</li> <li>2. Failed to exercise skill, care and diligence contrary to Article 7 of the Code of Conduct.</li> <li>3. Failed to make all reasonable efforts to ascertain or verify the facts which a prudent agent would have ascertained contrary to Article 8(1) of the Code of Conduct.</li> </ol>	\$1,200.00 in clear funds within 28 of the date of the Order failing which his real estate and business agents' licence will be suspended until payment is made.	\$500 in clear funds within 28 of the date of the Order failing which his real estate and business agents' licence will be suspended until payment is made.



# Appendix

# REBA 2008–2009 Annual Report – Questionnaire

The Board invites readers to provide feedback on the quality and usefulness of this annual report. The information obtained will be used when drafting the annual report for the next reporting year. Thank you for your time.

## 1. Overall, how informative did you find the annual report?

- |   |   |
|---|---|
| <input type="checkbox"/> Very informative     | <input type="checkbox"/> Not informative at all |
| <input type="checkbox"/> Fairly informative   | <input type="checkbox"/> Unsure                 |
| <input type="checkbox"/> Not very informative |   |

## 2. Did the report meet your needs?

- |                              |                             |                                 |
|------------------------------|-----------------------------|---------------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Unsure |
|------------------------------|-----------------------------|---------------------------------|

## 3. What is your overall impression of this report?

### Language

- |   |  |
|---|--|
| <input type="checkbox"/> Easy to understand | <input type="checkbox"/> Difficult to understand |
| <input type="checkbox"/> Average            | <input type="checkbox"/> Unsure                  |

### Volume of information

- |                                   |                                     |
|-----------------------------------|-------------------------------------|
| <input type="checkbox"/> Too much | <input type="checkbox"/> Too little |
| <input type="checkbox"/> Suitable | <input type="checkbox"/> Unsure     |

### Design/Layout

- |                                  |                                 |
|----------------------------------|---------------------------------|
| <input type="checkbox"/> Good    | <input type="checkbox"/> Poor   |
| <input type="checkbox"/> Average | <input type="checkbox"/> Unsure |

### Range of information

- |                                  |                                 |
|----------------------------------|---------------------------------|
| <input type="checkbox"/> Good    | <input type="checkbox"/> Poor   |
| <input type="checkbox"/> Average | <input type="checkbox"/> Unsure |

## 4. Are there any other types of information you would like to see included in future annual reports?

---

---

## 5. What was your reason for reading this report?

---

---

## 6. Are there any areas you think need to be covered more thoroughly?

---

---

---

## 7. Please give us your overall opinion of the report. Include any changes you believe need to be made or any suggestions you have.

---

---

---

---

Your completed questionnaire can be scanned and emailed to [contactus@reba.wa.gov.au](mailto:contactus@reba.wa.gov.au) or posted, faxed or hand delivered to REBA.

Fax: 9282 0869

Street Address: 6th Floor, 219 St Georges Terrace, Perth

Postal Address: Locked Bag 14, Cloisters Square, Perth WA 6850





