



Government of **Western Australia**
Department of **Commerce**

REAL ESTATE & BUSINESS AGENTS SUPERVISORY BOARD

Final Report

2010 > 2011



STATEMENT OF COMPLIANCE

For the year ended 30 June 2011



**HON SIMON O'BRIEN MLC
MINISTER FOR COMMERCE**

In accordance with section 72 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Final Report of the Real Estate and Business Agents Supervisory Board for the financial year ended 30 June 2011.

The Final Report has been prepared in accordance with section 135 of the *Real Estate and Business Agents Act 1978* which applies the relevant provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006*.

A handwritten signature in black ink, which appears to read 'Bruce Bradley'.

Reporting Officer
7 September 2011

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Overview



EXECUTIVE SUMMARY

Highlights for 2010-11

Board and other proceedings

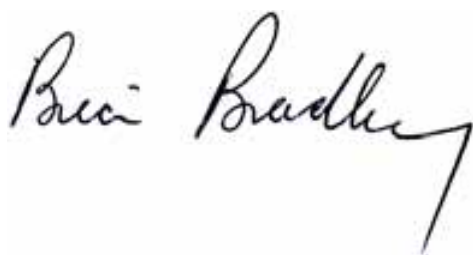
During the reporting period of 1 July 2010 to 30 June 2011 the Board:

- convened for 20 Board meetings;
- considered 13 Fidelity Guarantee Account claims;
- conducted 57 interviews for licensing applications;
- commenced 10 disciplinary proceedings against agents or sales representatives in the State Administrative Tribunal (the SAT); and
- appeared before the SAT on 29 occasions.
-

Achievements

In 2010–11, the Board achieved the following outcomes:

- 322 new licence applications processed;
- 1278 applications for new sales representative registrations processed;
- 855 applications for triennial certificate renewals processed;
- 1362 applications for sales representative renewals processed;
- 176 conciliations commenced;
- 165 conciliations completed;
- 417 new general compliance investigations commenced;
- 335 new qualified audit investigations commenced;
- 337 new qualified audit investigations completed;
- 54 new trust fund investigations commenced;
- 2150 Home Buyer's Assistance Account grants approved totalling \$4,170,458;
- 603 proactive compliance visits of real estate agencies conducted, of which 57 were in regional Western Australia;
- received 6157 enquiries to the Real Estate and Settlement Advice Line, of which 91.1 per cent were answered in 40 seconds;
- 245 mandatory CPD seminars were conducted and funded by the Board and 83 distance learning packages were sent to remote participants;
- two elective CPD regional seminars were conducted by the Registrar;
- 27 claims lodged against the Fidelity Guarantee Account; and
- 9 claims completed against the Fidelity Guarantee Account.



Reporting Officer

7 September 2011



OPERATIONAL STRUCTURE

Enabling Legislation

The Real Estate and Business Agents Supervisory Board was 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 in Western Australia.

The Board administered 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).

Responsible Minister

The Hon Simon O'Brien MLC took over responsibility as the Minister for Commerce on 14 December 2010. Throughout the reporting period until 13 December 2010 the responsible minister was the Hon Bill Marmion BE MBA MLA.

Mission

The Board's overriding goal was for the people of Western Australia have confidence in the real estate and business broking industries.

Organisational structure

Board structure

The Board was fully funded by industry in the form of:

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

This money was used to fund the statutory functions of the Board to the real estate and business broking industries and the community of Western Australia. The statutory functions were provided by means of the following services:

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 complied with the relevant legislation and financial reporting requirements and that those who undertook unlicensed activity were stopped from doing so.

Education and Awareness: Built confidence in the industry, encourage awareness of real estate and business broking 'best practice' through activities such as proactive compliance visits, the CPD program, seminars, publications, e-Bulletins, newsletters and through the Board's internet site.

Fidelity Guarantee Account: The assessment of claims for reimbursement from consumers who have suffered financial loss or loss of property by conduct of a licensee 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: Worked to ensure that people who lodge a claim against the Account satisfied the necessary requirements and received funding in a timely manner.



Our people

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

Role of senior staff

Director

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

The Director oversaw the financial and human resources and legal services, assisted 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 assisted the Board to comply with legislation relevant to its statutory obligations.

Board Solicitor

The Board Solicitor had responsibility for managing legal and policy services for the Board. This included 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 provided 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.

Registrar

The Registrar assisted in overseeing the operations of the Board and provided guidance and leadership to employees. The Registrar also assisted the Director on policy, legislative and operational issues.

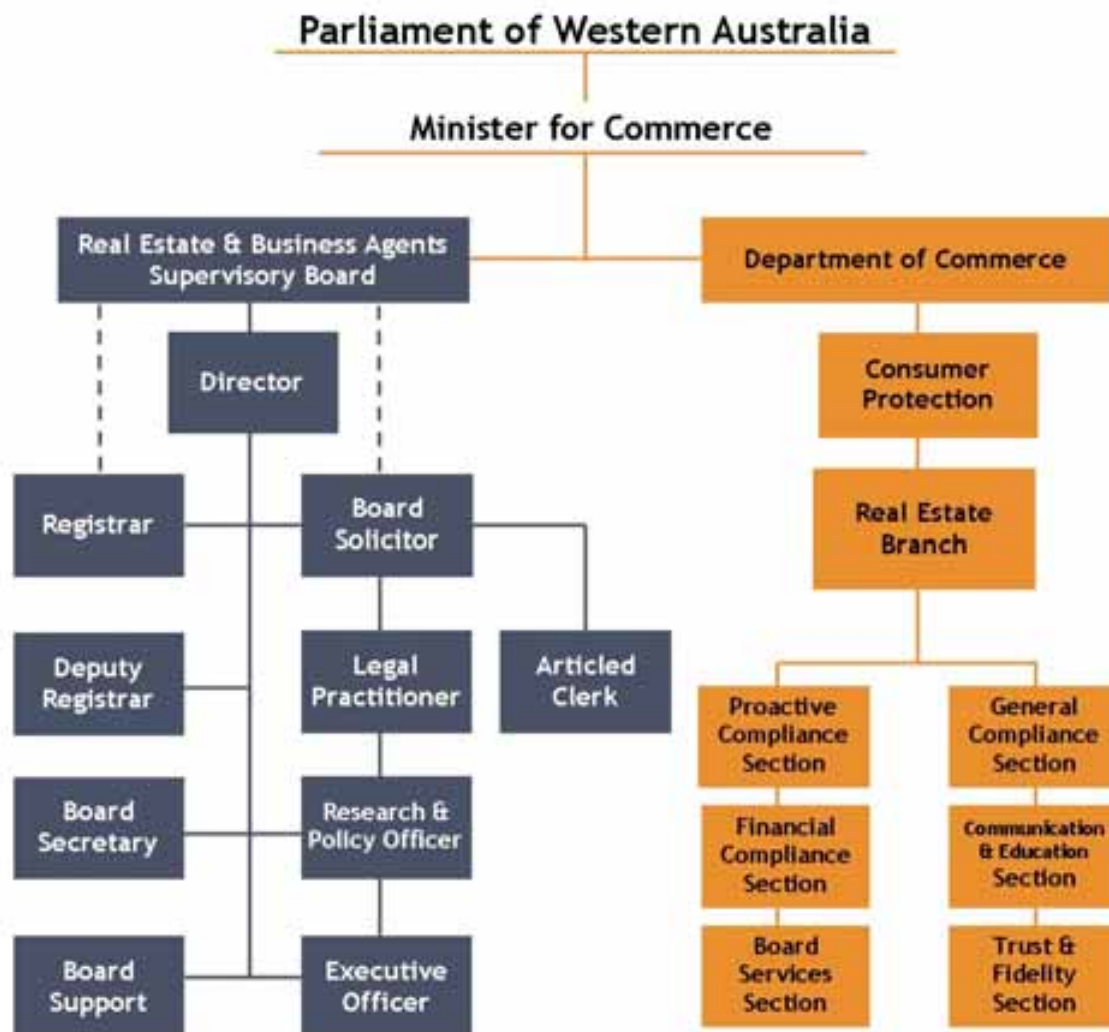
It was the Registrar's duty to contribute as a member of a number of Board sub-committees to assist in the management, development, implementation and evaluation of Board objectives and policies and manage Board projects as directed.

The Registrar was also responsible for undertaking the statutory functions and determining how investigations were managed and finalised. The Registrar liaised with and represented the Board in dealings with the media as required as well as representing the Board at conferences, seminars, relevant committees, and working parties. It was the duty of the Registrar to promote the Board and advance its objectives.

Service Delivery Agreement

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

Organisational chart



Members of the Board

The composition of the Board was set out in section 7 of the Act. There were five members of the Board appointed by the Governor of Western Australia:

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



Mr Mark Cuomo (Chairman)

Mr Mark Cuomo is a legal practitioner practising as a barrister. Mr Cuomo was Chair of the Board from January 2005. He is also the Chair of the Building Disputes Tribunal and the Painter's Registration Board. Until March 2010 Mr Cuomo was also the Chair of the Builder's Registration Board.



Mr Paul Gabrielson (Commercial Practice Member)

Mr Paul Gabrielson is an Associate Member of the Institute of Chartered Accountants, a registered tax agent and is a principal in a public accounting practice. He was appointed to the Board in December 2009.

Deputy: Ms Michelle Jenkins



Mr Glenn Cridland (Legal Practitioner Member)

Mr Glenn Cridland is a legal practitioner practising as a barrister. Mr Cridland was the Registrar of Fisheries and prior to that appointment the Chief Legal Adviser to the United Nations Peace Keeping Force in East Timor. He was appointed to the Board in December 2009.

Deputy: Dr John Hockley



Mrs Renate Brown (REIWA Nominated Member)

Mrs Renate Brown was the member nominated for appointment by the Real Estate Institute of WA. Mrs Brown has operated her own real estate agency since 1990, and combined this experience with 15 years as industry trainer for various franchises and REIWA. She had been a deputy member of the Board since 2003.

Deputy: Ms Jennie Bryant



Mr William Goddard (Elective Member)

Mr William (Bill) Goddard was the member elected for appointment by licensed agents. Mr Goddard is also a Certified Practising Business Broker and member of the Business Brokers Association (WA). He was president of the Association from 2003 to 2010 and is the honorary treasurer. In 2004 he was awarded Fellowship of the Real Estate Institute of Australia and in 2009 he won REIWA's Kevin Sullivan Award.

Deputy: Mr Oscar D'Souza



Other key legislation impacting on the Board

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

Auditor General Act 2006;
Criminal Code Act Compilation Act 1913
Disability Services Act 1993;
Electoral Act 1907;
Equal Opportunity Act 1984;
Fair Trading Act 2010;
Financial Management Act 2006;
Freedom of Information Act 1992;
Legal Profession Act 2008;
Magistrates Court Act 2004;
Mutual Recognition (Western Australia) Act 2010;
Mutual Recognition Act 2010 (Cwlth);
Occupational Safety and Health Act 1984;
Public Interest Disclosure Act 2003;
Public Sector Management Act 1994;
State Administrative Tribunal Act 2004;
State Records Act 2000;
State Supply Commission Act 1991;
Strata Titles Act 1985;
Supreme Court Act 1935; and
Workers Compensation and Injury Management Act 1981.

PERFORMANCE MANAGEMENT FRAMEWORK

Outcome Based Management framework

The primary service of the Board was to regulate the real estate and business broking industries. This was achieved through the discharge of its statutory functions: licensing, compliance, education and awareness, and the administration of the Fidelity Guarantee Account and the Home Buyers Assistance Account. The effective regulation of the industry enabled the Board to achieve its desired outcome that people had confidence in the industry. This ultimately contributed to meeting the Government's goal of achieving results for the benefit of all Western Australians.

Government goal	Board's desired outcome	Service
Outcomes Based Service Delivery Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.	The people of Western Australia have confidence in the real estate and business broking industries.	Regulation of the real estate and business broking industries through the discharge of the Board's statutory functions.

Changes to Outcome Based Management framework

The Board's Outcome Based Management framework did not change during 2010–11.

Shared responsibilities with other agencies

The Board did not share any responsibilities with other agencies in 2010–11.

Agency performance





REPORT ON OPERATIONS

Service one: Licensing

Strategic objectives

For the 2010–11 reporting period the Board objectives were 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 Act;
- assess the fitness¹ 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 2010—11, the Board achieved the following outcomes:

- 322 applications for new real estate and business agent licences processed;
- 855 applications for real estate and business agent triennial certificate renewal processed;
- 97.52 per cent of new real estate and business agent licence applicants advised of the outcome of their application within eight days of the Board's decision;
- 1278 new applications for a sales representative's certificate of registration processed;
- 1362 renewal applications for a sales representative's certificate of registration processed;
- 107 advisory and 12 breach non-compliance closure letters were issued by the Registrar to agents or sales representatives and others;
- 100 per cent of agents renewal applications referred to the Board for decision within seven days; and
- 99.71 per cent of sales representative's renewal applications referred to the Board for decision within seven days.

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 assessed licence applications to ensure that only suitably qualified people entered the industry as agents. To create high standards of practice and behaviour, uniform minimum standards of competency applied.

In 2010–11, the Board received 324 applications for real estate and business licences. This figure represents a decrease of 49 over that reported for 2009–10. The Board dealt with 1360 applications from people seeking registration as sales representatives.

This represented an increase of 13 above that in 2009–10. During the reporting period the Board conducted 57 recorded licensing interviews.

¹ 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". The Board was required by the Act to take into account a number of factors when considering the suitability of an applicant. The factors may vary depending if the person is an agent or sales representative.



Fees- Real estate and business agents

The fees charged by the Board in 2010–11 in accordance with the Real Estate and Business Agents (General) Regulations 1979 for real estate and business agent licensing applications and real estate and/or business sales representative registration applications were as follows:

License New Applications:

Individual \$882

Firm or Partnership/Body Corporate \$1,088

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

Triennial Renewal Applications: \$430

Sales Representative New Applications: \$217

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

Sales Representative Renewal Applications: \$141

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 3 per cent was approved by the Minister for Commerce.

Holding fee

Agents who wish to continue to remain a licensee without holding a triennial certificate must do so by paying a holding fee of \$202 within the specified time frame. This puts the licence on hold for a period of three years. At 30 June 2011, licences of 575 agents were on hold. Of these 205 were placed on hold during the reporting period.

Licensing kit

The Board produced a licensing kit that provided current information for new licence holders. It included information on setting up trust accounts, auditing processes, the CPD program, the Home Buyers Assistance Account and a licensee's obligation to notify the Board when there are changes in their personal or their agency's details.

It provided information for licensed agents in other states and territories of Australia who have obtained a Western Australian licence under the *Mutual Recognition (Western Australia) Act 2010* and the *Mutual Recognition Act 2010 (Cwlth)*. Board publications were included for reference. The licensing kit was provided in hard copy to new licensed agents and sales representatives and could also be downloaded from the Board's internet site at www.reba.wa.gov.au. It was transferred to the Department of Commerce internet site at www.commerce.wa.gov.au as of 1 July 2011.



Service two: Compliance

Strategic objectives

In 2010–11, the Board strived to meet the following objectives:

- that real estate agents, business agents and sales representatives complied with the requirements of the Act, the Regulations and the Code of Conduct;
- that in appropriate cases, the Board commenced proceedings before the State Administrative Tribunal (the SAT), directed 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;
- that complaints were investigated promptly and dealt with by the Board in a timely manner;
- that prompt, accurate advice was given to industry members and the public; and
- that audit reports were received on time and all qualified reports were investigated.

Performance

In 2010–11, the Board achieved the following outcomes:

General compliance

- 417 investigations commenced;
- 435 investigations completed;
- 107 advisory and 12 breach non-compliance closure letters were issued by the Registrar to agents or sales representatives and others;
- 98.95 per cent of complaints acknowledged within seven calendar days; and
- 82.86 per cent of investigations commenced within 14 days.

Financial compliance


- 335 qualified audit investigations commenced;
- 337 qualified audit investigations completed;
- 97.91 per cent of investigations into qualified audit reports commencing within 14 days of lodgement;
- 54 trust account investigations commenced;
- 78 trust account investigations completed; and
- 98.15 per cent of trust account investigations commencing within 14 days.

Conciliation

- 176 conciliations commenced;
- 165 conciliations completed;
- 98.86 per cent of conciliations acknowledged within seven days;
- 96.02 per cent of conciliations commenced within 14 days; and
- 98.79 per cent of conciliations completed within three months.

General compliance

The Board, its inspectors and Registrar had powers of investigation, which it exercised to determine whether agents and sales representatives and others were complying with the requirements of the Act, the Regulations, the Code of Conduct and any conditions of their licence and/or certificate.



These powers of investigation were also used to determine whether any other cause existed 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 received a complaint or the matter was otherwise brought to its attention, the Registrar determined whether it required investigation. If the preliminary assessment identified sufficient cause for concern, then the Registrar issued a direction for a formal investigation to proceed.

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

Where an investigation or inquiry revealed evidence of non-compliance with the Act and/or Code of Conduct, the result would 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 Board or Registrar may have decided to issue an advisory letter or breach for non-compliance, or otherwise close the matter. Alternatively, the Registrar could recommend that the Board commence proceedings against the agent and/or sales representative or other person.

Factors such as, the nature of the conduct, the person acknowledging the breach or non-compliance, actions taken to prevent future occurrence, age of the matter, and the strength of the evidence available were taken into consideration. In this reporting period, 10 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 increased from 398 in 2009–10 to 417 in this reporting period.

Financial compliance

The Act sets out how trust account records are to be maintained by agents who hold a current triennial certificate.

Agents are required to appoint an auditor of their trust accounts at the time of applying for 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 treated all qualified audit reports as a priority issue.

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

- through a complaint;
- during an investigation; and
- financial institutions notifying the Board when a trust account became overdrawn.

During 2010—11, the Board commenced 335 investigations into qualified audit reports compared to 319 from the previous reporting period. In addition, 54 trust account investigations were commenced in 2010—11 in comparison to 66 recorded in the previous reporting period.



Conciliation

The Act has provision for assistance to be given to parties in a transaction to resolve a dispute. The assistance takes the form of a conciliation process.

Conciliators will arrange informal discussions between the parties to help in the conduct of those discussions, and if possible, assist the parties to reach an agreement.

The conciliation service has proven to be an effective method of resolving minor complaints. In the cases conciliated in 2010–11, 40 cases resulted in the parties reaching agreement. In three cases referred to conciliation, no action was required other than clarifying the facts for the parties. In 27 cases the parties were unable to resolve the issue.

Of cases referred to conciliation, one was outside of the jurisdiction of the Board where the parties would have had to seek assistance elsewhere.

There were eight cases where complaints were not justified.

The average time taken to complete a conciliation matter was 36.26 days.



Service three: Education and awareness

Strategic objectives

The Board met the following education and awareness objectives in 2010–11:

- conducted proactive visits to agencies;
- provided industry seminars to assist agents and sales representatives to comply with the Act and the Code of Conduct;
- provided a counter information service to members of the public and industry;
- provided a telephone information service to members of the public and industry;
- supported and funded education programs for the professional development of agents and sales representatives;
- developed educational material, including brochures and guides, for distribution to industry and members of the public;
- published the quarterly newsletter, *REBA News*, for distribution to licensees, sales representatives, and auditors;
- published frequent e-Bulletins; and
- provided up to date information on the Board's internet site and made further improvements for industry and members of the public.

Performance

In 2010–11, the Board achieved the following outcomes:

- conducted 603 proactive compliance visits to agencies, which included 57 visits to agencies outside of the metropolitan area;
- five issues of *REBA News* were published and distributed, including one special edition regarding the Boards abolition; and
- 15 e-Bulletins were distributed to approximately 9000 licensees, sales representatives, and auditors.

Compulsory Professional Development

The Board's Compulsory Professional Development (CPD) initiative continued in the second half of 2010 for all individual licensed real estate and business agents and registered sales representatives, including those restricted to property management only, and the strong compliance rates showed that the real estate industry was fully embracing the program. In these six months, a total of 130 mandatory sessions were conducted in metropolitan and regional areas on behalf of the Board by the Real Estate Institute of Western Australia (REIWA), West Coast Property Training (WCPT) and Kaplan Professional. This was an increase of 62 sessions compared to the same period in 2009.

Improved reporting facilities and procedures within the Real Estate Branch resulted in tighter monitoring of CPD compliance across the industry and this resulted in increased rates of compliance. A mailout by the Board in late 2010 to all non-compliant individual licensed agents and sales representatives saw a spike in enrolments and attendances to sessions, and contributed to the improved compliance in that year.

In the reporting period there were 84 elective course providers offering a total of 1062 activities from which participants could choose to complete their CPD requirements. The Board resolved to extend the contracts awarded to REIWA, WCPT and Kaplan Professional to deliver the mandatory component of CPD in 2011. The contracts to develop the mandatory activity material and produce the distance learning packages for 2011 were again awarded to WCPT. In the first six months of 2011, a total of 115 mandatory sessions were held by REIWA, WCPT and Kaplan Professional.



Information services

Under the Service Delivery Agreement (SDA) the Board obtained advice line services through the Department of Commerce. In 2010–11, the Real Estate and Settlement Advice Line answered 6517 telephone enquiries from the public seeking information. Of the telephone enquiries received, 91.1 per cent were answered within 40 seconds.

Proactive compliance

The Board conducted a Proactive Compliance program that is unique in Australia. The purpose of the program was 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 visited agencies to provide advice and examine the level of adherence to legislative requirements. Participation by agents was voluntary. During 2010–11, the Board conducted 603 proactive visits to agencies. Of those visits, 57 were carried out in regional areas and 137 were new agents. Mandurah and surrounding suburbs were considered Perth metropolitan.

Proactive compliance visits were 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 conformed with the Act, the Regulations, 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 was identified, practical advice and guidance was given on how the agency may correct the problem and comply with the requirements of the Act, the Regulations, and the Code of Conduct. The visit was stopped for very serious breaches. The majority of feedback obtained from agents who have participated in the program, indicated that the proactive compliance visits were helpful and informative.

This program, along with Compulsory Professional Development, was 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 provided financial support to promote its education objectives. The Board used 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.

As of 1 January 2010 the education funding was awarded to the three training providers of the Compulsory Professional Development (CPD) program. The three successful tenders for CPD were submitted by REIWA, West Coast Property Training, and KAPLAN Professional.



REBA News

The Board produced a quarterly newsletter *REBA News*, to provide information to industry members and relevant stakeholders. The newsletter provided 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* was mailed to all licensees, sales representatives and auditors.

A special edition of the *REBA News* concerning the transfer of responsibility from the Board to the Department was published and distributed in both electronic and physical formats.

The newsletter was issued to approximately 13,000 industry members each quarter.

REBA e-Bulletin

The e-Bulletins were 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 were distributed once a month and more frequently if required.

The e-Bulletins provided the Board with the opportunity to notify industry of any urgent information such as the Board's abolition and scam updates.


In 2010–11 15 issues were published and sent to approximately 9000 agents and representatives.

Publications

REBA produced publications targeted at both consumers and industry members with the aim of providing important information on a broad range of topics concerning the real estate and business broking industries in WA. These publications were:

- *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;*
- *Complaint handling guidelines for the settlement and real estate industries;*
- *Home buyers assistance account;*
- *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.*

The Board, in conjunction with the Department of Commerce, also produced the publication *Managing residential property*. This guide is aimed at property managers looking for a 'best practice' approach.



The Board continually updated and improved these publications and in the last financial year has seen numerous fact sheets and booklets reviewed including; *Obligations of property developers, Real estate fees, Timber pest inspections, You and your property manager, A guide to auditing real estate and business agents' trust accounts, and Managing residential property.*

Website

The Board's website – www.reba.wa.gov.au – was an integral tool in assisting the Board to conduct and promote education and provide advisory services to industry participants and the public. It allowed industry participants to access important information regarding a range of topics including licensing and registration requirements, compliance, the CPD program and how to lodge a complaint.

Visitors to the internet site could view electronic versions of industry publications, lists of current licence and registration holders and past editions of REBA News and the REBA e-Bulletins.

It also provided valuable information for first home buyers, people wishing to sell a property, tenants, landlords, auditors and members of the public wanting to know more about the real estate and business broking industries in Western Australia.

The majority of the relevant content on the website was transferred to the Department of Commerce's website at www.commerce.wa.gov.au/consumerprotection.

Service four: Fidelity Guarantee Account

Strategic objectives

The purpose of the Fidelity Guarantee Account (FGA) is to provide financial reimbursement to people who suffer pecuniary loss or loss of property through the criminal or fraudulent actions of a licensee (during a period when holding a current triennial certificate), in the course of business. This also includes the actions of such licensee's employees.

Performance

2010–11 saw the following outcomes:

- 27 claims lodged against the Fidelity Account;
- 9 Fidelity Account claims completed;
- 96.15 per cent of claims acknowledged within eight days; and
- 96.3 per cent of claim assessments commenced within 14 days.

Overview

The FGA is financed through contributions from agents, interest on agents' trust accounts, and interest generated on the FGA. The FGA is kept at Treasury, forming part of the trust fund constituted under section 16 of the *Financial Management Act 2006*. Money standing to the credit of the FGA is invested with Treasury, and income derived from this is credited to the FGA.

The criteria for making a claim are:

- the applicant has suffered financial loss or loss of property;
- the loss was due to the defalcation (which includes criminal or fraudulent conduct) of a licensee or their employee;
- the licensee holds a current triennial certificate; and
- the loss occurred in the course of the business of the licensee.

Morgan Realty Pty Ltd

A number of claims have been received in relation to real estate transactions conducted by Morgan Realty Pty Ltd. To 30 June 2011 the Board received 12 claims totalling \$4,267,800.

Fidelity Guarantee Account claims lodged

Financial year	2006–07	2007–08	2008–09	2009–10	2010–11
Number of claims	134	160	101	22	27

Service five: Home Buyers Assistance Account

Strategic objectives

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 2010–11, the Board met these objectives by ensuring first home buyers were 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

2010–11 saw the following outcomes:

- \$4,170,458 paid out of the account;
- 2358 applications received;
- 2150 grants approved; and
- 100 per cent of cheques issued within eight days of approval.

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 from 2010-11 and previous financial years.

Financial year	2006–07	2007–08	2008–09	2009–10	2010–11
No of applications	1,812	4,381	5,895	4,995	2,358
No of approvals	1,543	4,165	4,949	5,244	2,150
Total amount paid	\$3,048,698	\$8,180,158	\$9,711,402	\$10,112,329	\$4,170,458

ACTUAL RESULTS VERSUS BUDGET TARGETS

Financial targets

	2010–11 Target ¹	2010–11 Actual	Variation ²
Total cost of services (expense limit)	\$23,086,047	\$14,426,196	\$8,659,851
Net cost of services	(\$3,876,131)	\$6,089,784	\$9,965,915
Approved full time equivalent staff level	8.8	8.6	(0.2)

Summary of Key Performance Indicators

	2010–11 Target	2010–11 Actual	Variation ³
Board's desired outcome: The people of Western Australia have confidence in the real estate and business broking industries. Key effectiveness indicator: The extent to which real estate and business agents comply with the requirements of the <i>Real Estate and Business Agents Act 1978</i> in relation to the management of their trust accounts.	86 per cent	86.99 per cent	0.99 per cent
Service: Regulation of the real estate and business broking industries through the discharge of the Board's statutory functions. Key efficiency indicator: The average cost per licensed agent, of regulating the real estate and business broking industries.	\$3,970.84	\$3,938.02	\$32.82

¹ As specified in the budget statements for the year in question

² Explanations for the variations between target and actual results are presented in the 'Explanatory statement' in the section 'Notes to financial statements'.

³ Explanations for the variations between target and actual results are presented in the 'Detailed information in support of Key Performance Indicators'.

Significant issues





CURRENT AND EMERGING ISSUES AND LEGISLATION CHANGES

Consumer Protection replaces the Board

On 25 November 2010, legislation was passed by the Western Australian State Parliament to transfer responsibility for regulation of the real estate and business broking industry from the Real Estate and Business Agents Supervisory Board (the Board) to the Department and the Commissioner for Consumer Protection. The operations of the Board wound up on 30 June 2011 with transfer of its responsibilities occurring from 1 July 2011.

This change was part of the State Government's commitment to reducing the number of statutory Boards and committees in WA. Abolition of the Board, along with three other statutory licensing Boards, allows for a more streamlined operating structure with a single regulator across a number of property-related occupational areas and better integration with generalist laws such as the *Australian Consumer Law* and *Residential Tenancy Act 1987*. The changes also position the local property industry for the national harmonisation of licensing under the National Occupational Licensing System, which is expected to begin on July 1, 2012.

From July 2011 the licensing authority of the Board was vested in the Commissioner for Consumer Protection, and the Board's financial responsibilities moved to the Director General of the Department.

Australian Consumer Law

On 1 January 2011 a uniform Australian Consumer Law came into operation at the Commonwealth level and in every State and Territory in Australia, meaning the basic consumer laws are the same throughout Australia. The Australian Consumer Law is heavily based on provisions in the *Trade Practices Act 1974* and the *Fair Trading Act 1987*.

For transactions that took place before 1 January 2011 then the former law applies. For those transactions the *Fair Trading Act 1987*, the *Consumer Affairs Act 1971* or the *Door to Door Trading Act 1987* still apply. For transactions that took place after 1 January 2011 the *Fair Trading Act 2010* and/or the Australian Consumer Law apply.

The *Fair Trading Act 2010* applies the Australian Consumer Law as set out on 1 January 2011 in Schedule 2 to the Commonwealth's *Competition and Consumer Act 2010* (what used to be called the *Trade Practices Act 1974*) as the Australian Consumer Law (WA). The ACCC administer the Commonwealth's version of the Australian Consumer Law and WA will administer the Australian Consumer Law (WA).



National Occupational Licensing System

On 30 in April 2009 the Council of Australian Governments (COAG) signed an Intergovernmental Agreement to establish a national occupational licensing system (NOLS) for specified occupations.

The *Occupational Licensing National Law Bill 2010* was passed on 17 September 2010. The NOLS will enable current holders of state and territory licences to be deemed across to the new licence system at its commencement and establish a publicly available national register of licensees.

From January 2011 the National Occupational Licensing Authority became operational and from 1 July 2012 NOLS will commence for the 'first wave' of occupations which will include licensed real estate and business agents and sales representatives.

Disclosures and legal compliance



AUDITOR GENERAL'S OPINION



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

REAL ESTATE AND BUSINESS AGENTS SUPERVISORY BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Real Estate and Business Agents Supervisory Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Reporting Officer's Responsibility for the Financial Statements

The Real Estate and Business Agents Supervisory Board ceased to exist on 30 June 2011. The Treasurer appointed a Reporting Officer under section 68 of the Financial Management Act 2006 who was responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Reporting Officer's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Reporting Officer, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Real Estate and Business Agents Supervisory Board at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Page 1 of 2

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

Real Estate and Business Agents Supervisory Board

Report on Controls

I have audited the controls exercised by the Real Estate and Business Agents Supervisory Board. The Board was responsible for ensuring that adequate control was maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the Real Estate and Business Agents Supervisory Board are sufficiently adequate to 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.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Real Estate and Business Agents Supervisory Board. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the Real Estate and Business Agents Supervisory Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY
AUDITOR GENERAL
14 September 2011



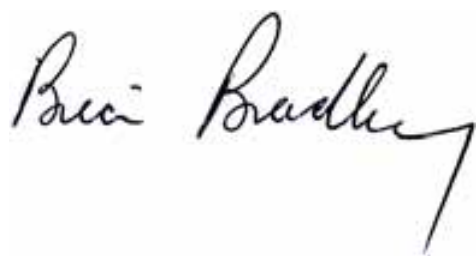
FINANCIAL STATEMENTS

Certification of financial statements

For the year ended 30 June 2011

The accompanying financial statements of the Board have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2011 and the financial position as at 30 June 2011.

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



Reporting Officer
7 September 2011

Statement of Comprehensive Income
For the year ended 30 June 2011

Real Estate & Business Agents Supervisory Board - 30 June 2011

	Note	2011 \$	2010 \$
INCOME			
Revenue			
Agents trust account income		14,854,856	10,785,478
Licence income	4.	1,098,861	1,052,028
Contributions to the Fidelity Guarantee Account		106,075	109,213
Fines and costs		41,072	79,926
Interest revenue	5.	4,344,813	3,338,724
Other revenue	6.	70,303	49,372
TOTAL INCOME		20,515,980	15,414,741
EXPENSES			
Employee benefits expense	7.	924,011	921,760
Board fees		142,522	156,854
Supplies and services	8.	7,596,049	7,449,262
Depreciation and amortisation expense	9.	13,687	5,316
Accommodation expenses	10.	21,401	15,853
Grants	11.	5,430,372	11,180,565
Fidelity payments		268,919	97,392
Other expenses	12.	29,235	27,537
TOTAL EXPENSES		14,426,196	19,854,539
PROFIT (LOSS) FOR THE PERIOD		6,089,784	(4,439,798)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		6,089,784	(4,439,798)

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



**Statement of Financial Position
As at 30 June 2011**

Real Estate & Business Agents Supervisory Board - 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	19.	32,586,296	31,717,376
Restricted cash and cash equivalents	19.	55,356,488	50,889,361
Receivables	13.	2,426,123	1,956,628
Total Current Assets		90,368,907	84,563,365
Non-Current Assets			
Plant and equipment	14.	50,428	34,463
Total Non-Current Assets		50,428	34,463
TOTAL ASSETS		90,419,335	84,597,828
LIABILITIES			
Current Liabilities			
Payables	16.	539,475	761,006
Provisions	17.	187,658	159,001
Licence revenue received in advance	4.	921,270	909,332
Other current liabilities		8,276	4,694
Total Current Liabilities		1,656,679	1,834,033
Non-Current Liabilities			
Licence revenue received in advance	4.	691,449	741,260
Provisions	17.	42,808	83,920
Total Non-Current Liabilities		734,257	825,180
TOTAL LIABILITIES		2,390,936	2,659,213
NET ASSETS		88,028,399	81,938,615
EQUITY			
Retained earnings		88,028,399	81,938,615
TOTAL EQUITY		88,028,399	81,938,615

The Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity
For the year ended 30 June 2011

	Contributed equity	Reserves	Retained earnings	Total equity
Balance at 1 July 2009	-	-	86,378,413	86,378,413
Total comprehensive income for the year			(4,439,798)	(4,439,798)
Transactions with owners in their capacity as owners				
Capital appropriations	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
Total	-	-	-	-
Balance at 30 June 2010	-	-	81,938,615	81,938,615
Total comprehensive income for the year			6,089,784	6,089,784
Transactions with owners in their capacity as owners				
Capital appropriations	-	-	-	-
Other contributions by owners	-	-	-	-
Distributions to owners	-	-	-	-
Total	-	-	-	-
Balance at 30 June 2011	-	-	88,028,399	88,028,399

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



Real Estate & Business Agents Supervisory Board - 30 June 2011

Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Agents trust account interest received		14,660,208	10,495,336
Bank and investment interest received		4,082,894	3,128,216
Licence receipts		1,060,988	1,183,923
Contributions paid into Fidelity Guarantee Account		106,075	109,213
GST receipts on sales		-	-
GST receipts from taxation authority		-	192,079
Other receipts		98,447	529,868
Payments			
Employee benefits		(936,466)	(914,586)
Supplies and services		(7,979,539)	(7,804,856)
GST payments on purchases		(27,616)	(203,097)
Grants		(5,699,292)	(11,180,565)
NET CASH PROVIDED BY/USED IN OPERATING ACTIVITIES	19.	<u>5,365,699</u>	<u>(4,464,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical activities		(29,652)	(27,589)
NET CASH USED IN INVESTING ACTIVITIES		<u>(29,652)</u>	<u>(27,589)</u>
Net increase/decrease in cash and cash equivalents		5,336,047	(4,492,060)
Cash and cash equivalents at the beginning of period		82,606,737	87,098,797
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19.	<u>87,942,784</u>	<u>82,606,737</u>

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



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 1. Australian Accounting Standards

General

The Board's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Board for the annual reporting period ended 30 June 2011.

Note 2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute general purpose financial statements that have 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had 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 statements are 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.

There have been no estimations concerning uncertainty that may cause material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting Entity

The reporting entity comprises only the Board and there are no related bodies. The *Acts Amendment (Fair Trading) Act 2010* abolished the Board as an entity at 30 June 2011. Also see Note 27.

(d) Income

Revenue Recognition

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

- a) Proceeds from triennial licensing fees are allocated over 36 months from the month of receipt. The portion of licensing fees which relate to the current year are recognised as revenue. The remainder of the proceeds are recognised as revenue received in advance.
- b) 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) Plant and Equipment

Capitalisation/Expensing of assets

Items of 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 plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).



Notes to the Financial Statements

For the year ended 30 June 2011

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset the Board uses the cost model with all items of 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 is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Computers hardware	3 years
Office and other equipment	5 years

(f) Impairment of Assets

Plant and equipment is tested for any indication of impairment at the end of each reporting period. 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 considered impaired and 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 reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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 the end of each reporting period.

Refer to note 15. 'Impairment of assets' for the outcome of impairment reviews and testing.

(g) Leases

The Board holds a number of operating leases for motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased motor vehicles.

(h) Financial Instruments

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

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

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face 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.

(i) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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 2011

(j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). 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 the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

Refer to note 2(h) 'Financial Instruments' and note 13 'Receivables'.

(k) Payables

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

Refer to note 2(h) 'Financial Instruments' and note 16 'Payables'.

(l) 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 the end of each reporting period.

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 reporting period 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 reporting period 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 end of the reporting period.

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 using market yields at the end of the reporting period 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 reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or to the Gold State Superannuation Scheme (GSS), 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 became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Board makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at the end of the reporting period. The liabilities under these schemes have been calculated separately for each scheme annually by PricewaterhouseCoopers using the projected unit credit method.

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

The GSS, the WSS and the GESBS, 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, the WSS and the GESBS are extinguished by the concurrent payment of employer contributions to the GESB.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, from the Board's perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

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 included as part of 'Other Expenses' and not included as part of the Board's 'Employee benefits expense'. The related liability is included in

(m) 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 Statement of Comprehensive Income.

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

Refer to note 2(l) 'Provisions - Employee Benefits' under Superannuation.

(n) Accrued Salaries

Accrued salaries (refer to note 16 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(o) Comparative Figures

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

Note 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 effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Board.

2009-5	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 & 139)</i></p> <p>Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the Board to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.</p> <p>Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cash flows reported in the Board's Statement of Cash Flows relate to increases in recognised assets.</p>
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Changes in accounting estimates

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

Future impact of Australian Accounting Standards not yet operative

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

AASB 2009- 11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12).</i> The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. The Board does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>
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Operative for
reporting
periods
beginning
on/after
1 Jan 2013



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

AASB 1053	<i>Application of Tiers of Australian Accounting Standards.</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Board. However it may affect disclosures in the financial statements of the Board if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.	1 Jul 2013
AASB 2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.</i> This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Board. However this Standard may reduce some note disclosures in financial statements of the Board. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 Jul 2013
AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054].</i> This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 Jul 2011
AASB 2010-5	<i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010).</i> This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Board resulting from the application of this revised Standard.	1 Jan 2011
AASB 2010-6	<i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7].</i> This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Board. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.	1 Jul 2011
AASB 9	<i>Financial Instruments.</i> This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued on 6 Dec 2010 and the Board is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 Jan 2013
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127].</i> This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 Jan 2013
AASB 1054	<i>Australian Additional Disclosures.</i> This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 Jul 2011
AASB 2011-1	<i>Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113].</i> This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	1 Jul 2011



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 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.

	2011	2010
	\$	\$
Revenue received in advance 1 July balance (current)	909,332	832,470
Revenue received in advance 1 July balance (non current)	741,260	686,227
Cash received during the year	1,080,988	1,183,923
Total receipts received	2,711,580	2,702,620
Revenue recognised during the year	1,096,861	1,052,028
Revenue received in advance	1,612,719	1,650,592
Held in		
Revenue received in advance account (current)	921,270	909,332
Revenue received in advance account (non current)	691,449	741,260
Total	1,612,719	1,650,592

Note 5. Interest Revenue

	2011	2010
	\$	\$
Interest from on call bank accounts	141,430	134,161
Interest from investment accounts	4,203,383	3,204,563
Total	4,344,813	3,338,724

Note 6. Other revenue

	2011	2010
	\$	\$
Advertisement fees	18,436	19,238
Contribution to vehicle use	4,880	2,642
Copy of licence	2,582	2,280
Late fees	18,070	18,054
Miscellaneous Income	26,335	7,158
Total	70,303	49,372

Note 7. Employee benefits expense

The Board procures services from the Department 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.

	2011	2010
	\$	\$
Wages and salaries	742,113	731,298
Change in Annual Leave ⁽¹⁾	6,350	266
Change in Long Service Leave ⁽¹⁾	(21,271)	20,218
Superannuation expense	79,867	91,786
Other staff related expenses ⁽²⁾	116,952	78,192
Total	924,011	921,760

⁽¹⁾ Includes a superannuation contribution component

⁽²⁾ Other related expenses include training & conferences, travel, vehicles and FBT.

Employment on-costs such as workers' compensation insurance are included at Note 12 'Other expenses'. The employment on costs liability is included at Note 17 'Provisions'.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Note 8. Supplies and services

	2011	2010
	\$	\$
Bank charges	3,808	4,719
Communications	5,395	7,922
Consultants and contractors fees	281,423	403,594
Consumables	49,372	21,738
Entertainment	19	-
Insurance	49,813	20,108
Legal	189,315	280,081
Miscellaneous	3,231	5,125
Printing	41,275	55,138
Professional services	254,346	137,974
Repair and maintenance	8,204	346
Service Delivery Agreement	6,672,072	6,476,462
Software < \$5,000 & Software Licences	806	608
Stationery	9,225	5,393
Sundry assets costing under \$5,000	27,745	30,054
	7,596,049	7,449,262

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.

Note 9. Depreciation

	2011	2010
	\$	\$
Office & other equipment	13,687	5,316
	13,687	5,316

Note 10. Accommodation expenses

	2011	2010
	\$	\$
Occupancy costs and parking	21,401	15,853
	21,401	15,853

Note 11. Grants

	2011	2010
	\$	\$
<u>Education grants and funding for education</u>		
Kaplan	45,571	45,351
REIWA	556,848	522,929
West Coast Property Training	657,373	483,217
Other Education grants	122	1,933
Total education grants	1,259,914	1,053,430
<u>First home buyers grants</u>	4,170,458	10,127,135
Total grants	5,430,372	11,180,565

A total of 2,150 First Home Buyers grants totalling \$4,170,458 at an average of \$1,930 were made during the year. In 2009/10 5,244 grants totalling \$10,127,135 at an average of \$1,931 were made.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 12. Other expenses

	2011	2010
	\$	\$
Audit fees	28,700	28,500
Employment on costs ^(a)	535	(963)
	<u>29,235</u>	<u>27,537</u>

^(a) 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 17 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 13. Receivables

	2011	2010
	\$	\$
<u>Current</u>		
Accounts receivable	-	3,670
Accrued agents trust account interest	1,252,847	1,058,199
Accrued investment interest	1,145,660	883,741
GST recoverable	27,616	11,018
	<u>2,426,123</u>	<u>1,956,628</u>

Note 14. Property, Plant & Equipment

	2011	2010
	\$	\$
<u>Computer Hardware</u>		
At cost	-	5,574
Accumulated Depreciation	-	(5,574)
	-	-
<u>Office & Other Equipment</u>		
At cost	79,649	49,996
Accumulated Depreciation	(29,221)	(15,533)
	<u>50,428</u>	<u>34,463</u>
Total Plant & Equipment	<u>50,428</u>	<u>34,463</u>

Reconciliations of the carrying amount of plant and equipment at the beginning and end of the reporting period are set out below.

<u>Office & Other Equipment</u>		
Carrying amount at start of year	34,463	12,190
Additions	29,652	27,589
Disposals	-	-
Accumulated depreciation on disposals	-	-
Depreciation	(13,687)	(5,316)
Carrying amount at end of year	<u>50,428</u>	<u>34,463</u>
Total Plant and equipment	<u>50,428</u>	<u>34,463</u>

Note 15. Impairment of assets

There were no indications of impairment to plant and equipment and intangible assets at 30 June 2011.

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

There were no surplus assets at 30 June 2011 held for sale or write off.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 16. Payables

	2011	2010
	\$	\$
<u>Current</u>		
Trade payables	180,686	610,923
Accrued expenses	346,794	134,941
Accrued salaries	11,995	15,142
	<u>539,475</u>	<u>761,006</u>

Note 17. Provisions

	2011	2010
	\$	\$
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	46,127	39,777
Long service leave ^(b)	118,811	100,803
Superannuation	15,087	11,527
	<u>180,025</u>	<u>152,107</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	7,633	6,894
	<u>187,658</u>	<u>159,001</u>

<u>Non-current</u>		
Employee benefits provision		
Long service leave ^(b)	38,864	78,143
Superannuation	3,781	5,410
	<u>42,645</u>	<u>83,553</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	163	367
	<u>42,808</u>	<u>83,920</u>

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period ^(a)	29,420	23,425
More than 12 months after the reporting period ^(a)	16,707	16,352
	<u>46,127</u>	<u>39,777</u>

^(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period ^(a)	43,566	70,039
More than 12 months after the reporting period ^(a)	114,109	108,907
	<u>157,675</u>	<u>178,946</u>

^(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from unwinding of the discount (finance cost), is disclosed in Note 12 'Other expenses'.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Movement in Other Provisions

	2011	2010
	\$	\$
Movements in each class of provisions during the financial year, other than employee benefits are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	7,261	8,224
Additional provisions recognised	535	(963)
Carrying amount at end of year	<u>7,796</u>	<u>7,261</u>

Note 18. Other liabilities

	2011	2010
	\$	\$
<u>Current</u>		
Unclaimed monies	8,276	4,694

Note 19. Notes to the Statement of Cash Flows

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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2011	2010
	\$	\$
Cash and cash equivalents at bank		
Education and General Purpose Account	329,788	1,161,568
Fidelity Guarantee Account (Restricted cash)	262,560	235,782
Home Buyers Assistance Account (Restricted cash)	2,053,353	2,413,004
Board Interest Account	500	500
Petty Cash	1,000	300
	<u>2,647,201</u>	<u>3,811,154</u>
Cash and cash equivalents held with Treasury		
Education and General Purpose Account	32,255,008	30,555,008
Fidelity Guarantee Account (Restricted cash)	41,255,575	38,855,575
Home Buyers Assistance Account (Restricted cash)	11,785,000	9,385,000
	<u>85,295,583</u>	<u>78,795,583</u>
	<u>87,942,784</u>	<u>82,606,737</u>
Cash and cash equivalents	<u>32,586,296</u>	<u>31,717,376</u>
Restricted cash and cash equivalents	<u>55,356,488</u>	<u>50,889,361</u>
Total cash and cash equivalents	<u>87,942,784</u>	<u>82,606,737</u>



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements For the year ended 30 June 2011

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2011 \$	2010 \$
Profit	6,089,784	(4,439,798)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	13,687	5,316
<u>(Increase)/decrease in assets:</u>		
Current receivables ^(a)	(469,496)	(100,082)
<u>Increase/(decrease) in liabilities:</u>		
Current payables ^(b)	(221,531)	(82,752)
Current provisions	28,657	12,659
Revenue received in advance, current liabilities	11,938	76,862
Other current liabilities	3,583	(185)
Non-current provisions	(41,112)	8,476
Revenue received in advance, non current liabilities	(49,811)	55,033
Net GST receipts/(payments) ^(c)	(16,598)	8,420
Change in GST in receivables/payables ^(d)	16,598	(8,420)
Net cash provided by/(used in) operating activities	5,365,699	(4,464,471)

(a) This is the net GST paid/received, i.e. cash transaction.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

Note 20. Contingent Liabilities and Contingent Assets

Contingent Liabilities

In addition to the liabilities included in the financial statements the Board is aware of 77 claims (2010:48) against the Fidelity Guarantee Account totalling \$6,336,768 (2010: \$4,681,000) 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.

Note 21. 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, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2011	2010
\$0 - \$10,000	4	4
\$10,001 - \$20,000	-	4
\$20,001 - \$30,000	3	2
\$30,001 - \$40,000	1	-
\$60,001 - \$70,000	1	1
	\$	\$
The total remuneration of members of the Board:	172,184	173,395

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.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

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:

	2011	2010
\$100,001 - \$110,000	-	1
\$120,000 - \$130,000	1	-
	\$	\$
	125,734	102,731

The total remuneration includes 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 Department of Commerce. The number of senior officers providing these services are included in the annual report of the Department.

Note 22. Remuneration of Auditor

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

	2011	2010
	\$	\$
Auditing the accounts, financial statements and performance indicators	28,700	28,500

Note 23. 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.

Note 24. Supplementary financial information

Write-offs

The Board approve write-offs totalling \$219 (2010: \$ nil) during the financial year.

Note 25. Commitments

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

	2011	2010
	\$	\$
Within 1 year	21,202	28,395
Later than 1 year and not later than 5 years	14,984	23,900
Later than 5 years	-	-
	36,186	52,295
Representing:		
Non-cancellable operating leases	36,186	52,295

These commitments are inclusive of GST for vehicle leases paid monthly in arrears. The lease terms are 12 to 36 months are with StateFleet.

The Board does not have any capital or finance lease commitments contracted for at the end of the reporting period not recognised as liabilities.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 26. 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.

	2011	2010
	\$	\$
Balance at the start of the year	243,972	66,589
Receipts	12,167	177,383
Payments	(19,575)	-
Balance at the end of the year	236,564	243,972

A further \$3,022 in interest was subsequently received in July.

Note 27. Events occurring after the balance sheet date

The Board is not aware of any events occurring after the end of the reporting period that materially affect these financial statements. The *Acts Amendment (Fair Trading) Act 2010* abolished the Board as an entity at 30 June 2011. Amendments to the *Real Estate and Business Agents Act 1978* vested all assets etc to the Department of Commerce at this date.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 28. Explanatory statement

Significant variations between estimates and actual results as presented in the Statement of Comprehensive Income are shown below. Significant variations are considered to be those greater than 10% and \$50,000

a) Significant variations between estimate and actual for the financial year

	2011 Estimate \$	2011 Actual \$	Variance \$
Expenses			
Grants	10,402,400	5,430,372	(4,972,028)
Fidelity payments	3,716,000	268,919	(3,447,081)

Grants

There are two components to grants, assistance to first home buyers and education grants associated with the continued professional development (CPD) within the industry. Payments of grants to first home buyers where considerable less than estimated as the number of applications dropped faster and further than anticipated when the budget was prepared.

Higher than anticipated demand within the industry for CPD resulted in higher than budgeted education grants.

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.

b) Significant variations between actual results for actual year and prior year actual

	2011 \$	2010 \$	Variance \$
Income			
Agents trust account interest	14,854,856	10,785,478	4,069,378
Interest revenue	4,344,813	3,338,724	1,006,089
Expenses			
Grants	5,430,372	11,180,565	(5,750,193)
Fidelity payments	268,919	97,392	171,527

Agents trust account interest

Income from interest on agents trust accounts is higher than the previous year due to higher interest rates and higher balances held in the trust accounts.

Interest revenue

Higher Board account balances, in particular deposits held with Treasury combined with higher interest rates has resulted in a significant increase in revenue from this source.

Grants

A substantial reduction in the applications for first home buyer grants resulted in a significant reduction in associated grant payments compared to the previous year.

Fidelity payments

The quantum and value of fidelity claims are outside the control of the Board. The increase in costs is the result of increase value of claims approved by the Board during the current financial year.



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

Note 29. Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, restricted 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

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 the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any provisions for impairment, as shown in the table at Note 29(c) 'Financial Instruments Disclosures' and in note 13 'Receivables'.

The Board trades only with recognised, creditworthy third parties. The Board has policies in place to ensure that services are rendered 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 end of the reporting period, there were no significant concentrations of credit risk.

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 forecast 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 has no borrowings and 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.

Other than as detailed in the interest rate sensitivity analysis table at Note 29(c), the Board has limited exposure to interest rate risk.

(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 end of the reporting period are as follows:

	2011 \$	2010 \$
<u>Financial Assets</u>		
Cash and cash equivalents	32,586,296	31,717,376
Restricted cash and cash equivalents	55,356,488	50,889,361
Receivables ^(a)	2,426,123	1,956,628
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	2,160,470	2,416,292

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

(c) Financial Instruments Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table discloses the Board's maximum exposure to credit risk and interest rate exposures of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below.

All financial assets and liabilities as at the end of the reporting period had a maturity date less than 3 months. For this reason a maturity analysis has not been provided in the tables.

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.



Notes to the Financial Statements
For the year ended 30 June 2011

Note 29. Financial Instruments

(c) Financial Instruments Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table discloses the Board's maximum exposure to credit risk and interest rate exposures of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as show

All financial assets and liabilities as at the end of the reporting period had a maturity date less than 3 months. For this reason a maturity analysis has not been provided in the tables.

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 and ageing analysis of financial assets^(a)

	Weighted Avg Effective Int Rate %	Carrying Amount	Interest rate exposure		Up to 3 months	Past due but not impaired				Impaired financial assets
			Fixed Interest Rate	Variable Interest Rate		3 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	
Financial Assets										
2011										
Cash assets	5.0%	32,586,296	-	32,586,296	-	-	-	-	-	-
Restricted cash assets	5.0%	55,356,488	-	55,356,488	-	-	-	-	-	-
Receivables ^(a)	-	-	-	-	-	-	-	-	-	-
		87,942,784		87,942,784						
2010										
Cash assets	4.5%	31,717,376	-	31,717,376	-	-	-	-	-	-
Restricted cash assets	4.5%	50,889,361	-	50,889,361	-	-	-	-	-	-
Receivables ^(a)	-	3,670	-	-	3,670	-	-	-	-	-
		82,610,407		82,606,737	3,670					

^(a) The amount of receivables excludes 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 2011

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 end of the reporting period. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and maturity analysis of financial liabilities⁽¹⁴⁾

	Weighted Average Effective Int	Carrying Amount \$	Interest Rate Exposure			Maturity Date				
			Fixed Interest	Variable Interest	Non Interest Bearing	Up to 3 months	3 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 years
Financial Liabilities										
2011										
Payables		539,475	-	-	539,475					
Licence revenue received in advance		1,612,719	-	-	1,612,719					
		2,152,194			2,152,194					
2010										
Payables		756,345	-	-	756,345					
Licence revenue received in advance		1,650,592	-	-	1,650,592					
		2,406,937			2,406,937					

⁽¹⁴⁾ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

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 end of the reporting period on the surplus for the period and equity for a 100 basis point change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$	+ 100 Basis Point Change		- 100 Basis Point Change	
		Profit \$	Equity \$	Profit \$	Equity \$
2011					
Financial Assets					
Cash assets	32,586,296	(325,863)	(325,863)	325,863	325,863
Restricted cash assets	55,356,488	(553,565)	(553,565)	553,565	553,565
Financial Liabilities					
The Board does not have any Financial Liabilities subject to interest rate sensitivity.					
Total Increase/(Decrease)		(879,428)	(879,428)	879,428	879,428



Real Estate & Business Agents Supervisory Board - 30 June 2011

Notes to the Financial Statements

For the year ended 30 June 2011

2010

Financial Assets

Cash assets

Restricted cash assets

31,717,376

50,889,301

(317,174)

(508,894)

317,174

508,894

317,174

508,894

Financial Liabilities

The Board does not have any Financial Liabilities subject to interest rate sensitivity.

Total Increase/(Decrease)

(826,068)

(826,068)

826,068

826,068

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

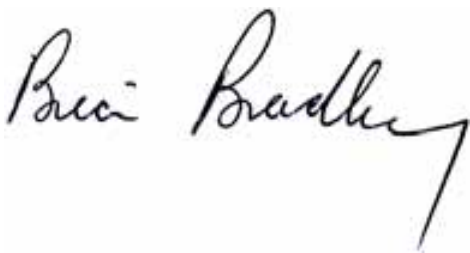




ADDITIONAL KEY PERFORMANCE INDICATOR INFORMATION

Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Board's performance, and fairly represent the performance of the Board for the financial year ended 30 June 2011.



Reporting Officer
7 September 2011

Detailed information in support of Key Performance Indicators

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's aim was 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 was assessed by the level of compliance relating to the management of trust accounts.

The Board's experience was that the extent of compliance in respect to trust accounts was 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 indicated other problems or breaches that may be occurring within an agency.

An independent auditor conducted an examination of an agents trust account management and provided an audit opinion to the Board in relation to the agents' management of their trust accounts. An unqualified opinion was issued when the auditor considered the agent's trust accounts were, during the period of the audit, kept in order. One aim of independent scrutiny was 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

	2006/07	2007/08	2008/09	2009/10	2010/11
Unqualified audit reports	773	778	800	823	845
Qualified audit reports	313	355	307	289	302
Statutory Declarations	1028	1147	1200	1159	1361
No Audit reports	56	38	17	14	28
Total number of agents	2170	2318	2324	2285	2536
% of agents submitting an unqualified audit or Statutory Declaration	83	83	86.06	86.74	86.99

Notes to the indicator

The Act requires licensed agents to manage monies received for or on behalf of their principals (clients) through a trust account. If a licensed agent does not receive or hold any money on behalf of a person in the reporting period then they must submit a statutory declaration confirming this to be deemed compliant. A licensed agent (individual) may work for a company and it is then the company's trust accounts that are audited.



The Board placed significant reliance on audit reports to ensure that agents maintained their trust accounts in accordance with the statutory requirements.

Since 2001–02, the Board maintained a ‘no tolerance’ policy towards agents who failed to comply with the trust account auditing provisions of the Act. Where appropriate, the Board commenced proceedings before the SAT alleging that there is proper cause for disciplinary action regarding an agent or auditor’s conduct. Where it was found that there was proper cause for disciplinary action against the agent, then sanctions were imposed by SAT, which included a reprimand, a fine, suspension, cancellation of the agent’s licence and triennial certificate, and temporary or permanent disqualification.

This year the number of agents has increased by 251. There were 22 more unqualified audits and 13 more qualified audits. The proportion of auditors delivering unqualified audit reports and agents submitting statutory declarations has increased this year, from 86.74 to 86.99 per cent.

It was believed that the increase in the number of unqualified reports was due to agents better understanding their responsibilities with regards to trust accounts. This increase in education and awareness was due to improved systems for proactive compliance visits and the Compulsory Professional Development program, as well as through articles in REBA News and the promotion of the publication *Real estate trust accounting – A reference manual*.

Although the Board was concerned about the number of audits that were qualified, it believed that to some extent this was a consequence of auditors becoming increasingly more aware of the expectations of the Board regarding auditing agents trust accounts. This 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.

Of the qualifications raised by the auditors most 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. This was due to better follow up procedures being introduced in relation to late audit reports and statutory declarations.

Efficiency indicator

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

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

Measure

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

	2006/07	2007/08	2008/09	2009/10	2010/11
Annual cost ⁵	\$6,132,312	\$7,350,544	\$8,239,771	\$9,630,012	\$9,986,819
Active licensed agents	2,170	2,318	2,324	2,210	2,536
Cost per active licensed agent	\$2,913.39	\$3,171.07	\$3,545.51	\$4,357.47	\$3,938.02

Notes to the indicator

The efficiency indicator is based on the cost of delivering the service for each active licensed agent. In the 2010—11 financial year a total of \$9,986,819 was expended on regulating an industry with 2,536 active licensed agents.

The average cost of regulating the real estate and business broking industry for each licensed agent decreased from \$4,357.47 in 2009—10 to \$3,938.02 this year.

⁵ 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.



MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

Pricing policies of services provided

The Board conducted its annual review of its licensing 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 3 per cent was approved by the Minister for Commerce and was submitted for formal approval and amendments to the relevant regulations.

Capital Works

No capital works were completed by the Board in 2010-11.

Employment and industrial relations

Employee category	2009-10	2010-11
Full-time permanent	8	7
Full-time contract	2	1
Part-time measured on a FTE basis	0	0
On secondment	0	0

Staffing policies

The Board conducted four training sessions for Real Estate Branch employees to ensure provision of consistent, accurate and high quality advice and service was delivered to industry members and the public on behalf of the Board.

Industrial relations

The Board was not involved in any industrial disputes.

Workers' compensation

The Board did not receive any workers' compensation claims in this reporting period, as in the previous year.



GOVERNANCE DISCLOSURES

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Board and senior officers.

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 endeavoured to make available as much information as possible. In the year 2010–11, the Board received one request for information under the *Freedom of Information Act 1992*.

The Department provided an administrative function to the Board in relation to Freedom of Information matters. People who wished to lodge a Freedom of Information application or obtain the department's Freedom of Information Statement were advised to contact the Freedom of Information Coordinator for the Consumer Protection Division on 9282 0923.



OTHER LEGAL REQUIREMENTS

Advertising

Under section 175ZE of the *Electoral Act 1907*, the Board was 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 not incur any such expenditure in the reporting period 2010-11.

Disability Access and Inclusion Plan

The Board is not a public authority for the purposes of Schedule 1 of the Disability Services Regulations 2004; however, it acknowledges and supports the principles applicable to people with disabilities stated in Schedule 1 of the *Disability Services Act 1993*. Its *Disability Access and Inclusion Plan 2007–2011* expressed the Board's commitment to ensuring that services were delivered effectively to its employees, customers and the wider community. A copy of this plan was available on the Board's internet site.

Compliance with Public Sector Standards and ethical codes

The Board was 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 employees. During 2010–11, the Board did not receive any applications for breaches of the standards.

Board members and employees were required to comply with the Code of Conduct for Board Members and Officers 2007 (updated April 2009). The Code of Conduct for Board Members and Officers 2007 set standards concerning the Board's operational requirements and expected behaviour of its members and employees as they carried out their day-to-day work. It also provided guidance and practical assistance on what to do when faced with an ethical issue. An electronic version of this document was available on the Board's internet site.

When the Board was in session, members were required to act in accordance with their own independent views and experiences, in the light of the role and purpose of the Board. Members did not perform their duties in a manner that represented or protected the interests of any particular organisation with which they were associated.



Recordkeeping plan

The Board was required to have a recordkeeping plan as a government organisation for the purposes of Schedule 1 of the *State Records Act 2000*. Employees of the Department of Commerce who provided services to the Board through a Service Delivery Agreement were required to attend records and document management training as part of their induction. Additional training and relevant training material was available to employees upon request.

The Department has record keeping policies and standards which include the management of emails. New employees receive the booklet *Corporate Information - Record keeping essentials* which is also available on the department's intranet.

GOVERNMENT POLICY REQUIREMENTS

Substantive equality

The Department provided the Board with a range of services through a Service Delivery Agreement and was required to report on the progress achieved in implementing the Policy Framework for Substantive Equality. Please refer to the section 'Substantive equality' in the *Department of Commerce Annual Report 2010–11* for further information.

Occupational safety, health and injury management

In carrying out its statutory functions and in its role as an employer the Board was committed to providing a safe working environment and complied with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

Under its Occupational Safety and Health Management Plan the Board committed to providing safety checks and basic first aid and occupational safety and health awareness training to its employees.

Board employees had the opportunity to elect an Occupational Safety and Health Representative in accordance with the *Occupational Safety and Health Act 1984*.

The Board Director was responsible for ensuring that Board employees complied with Occupational Safety and Health requirements. The Board Director and the Occupational Safety and Health Representative conducted regular workplace safety checks and regularly monitored developments in health and safety legislation and management systems.

Board employees had the opportunity to access the Employee Assistance Program in the form of confidential counselling services, which are provided free of charge.

An external accredited assessment of occupational safety and health management systems was conducted in April 2008 that included a summary of findings.

Report on annual OSH performance 2010-11

Indicator	Target 2010–11	Result 2010–11
Number of fatalities	None	None (0)
Lost time injury/disease (LTI/D) incidence rate	None or 10 per cent reduction on previous year	None (0)
Lost time injury severity rate	None or 10 per cent improvement on previous year	None (0)
Percentage of injured workers returned to work within 28 weeks	Actual percentage result to be reported	None (0)
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50 per cent	33.33 per cent

APPENDIX

The following table provided details and results of concluded State Administrative Tribunal disciplinary matters during the period 1 July 2010 – 30 June 2011.

VR	Respondents	Findings	Penalty	Costs
42 of 2010	Memet Demiroski	On 2 December 2008 the respondent was convicted on his own confession of an offence that between 1 March 2001 and 22 June 2007 he, with intent to defraud by deceit or fraudulent means, obtained the sum of \$75,000 from the buyer of a business.	Suspension of certificate of registration and is disqualified from being re-registered until December 2010.	\$1,000 costs in clear funds to be paid no later than 14 December 2010.
128 of 2010	Richard Masson Moody	While in the employment of a licensed real estate agent the respondent acted as and carried out the functions of a real estate sales representative when he was not the holder of a current certificate of registration or the holder of a current triennial certificate contrary to section 44(1) of the <i>Real Estate and Business Agents Act 1978</i> (the Act).	\$1,500 fine to be paid within 6 months of the date of the order.	No order as to costs.
138 of 2010	1st Respondent of KRACM Pty Ltd	The 1st respondent breached sections 103(2)(c)(ii)&(iii) of the Act, when it: a) received commission when it did not have a current authority to act in writing contrary to section 60(3) of the Act; b) acted as and represented to be the agent for a property transaction without a current written authority to do so in that it negotiated the sale of the property and drew up the Offer and Acceptance contract contrary to article 4(1) of the Code of Conduct for Agents and Sales Representatives (the Code of Conduct) ; and c) advertised the property for sale and displayed a notice of sale when it did not have a current written authority to do so contrary to article 4(3) of the Code of Conduct.	\$3,000 fine to be paid within 28 days of the date of the order.	\$500 costs to be paid within 28 days of the date of the order.

VR	Respondents	Findings	Penalty	Costs
138 of 2010	2nd Respondent Padmapani Abeywickrema	<p>The 2nd respondent breached section 103(4)(c)(iii) of the Act by failing to exercise skill, care and diligence when they:</p> <ul style="list-style-type: none"> a) acted as and represented to be a sales representative on behalf of the sellers, when he, as an employee and Director of the first respondent, knew the first respondent did not have a current written authority to do so in that he negotiated the sale and drew up the Offer and Acceptance contract on behalf of the Professionals and caused the property to be advertised with himself as the contract person; b) did not complete the property details (namely the Lot, Plan, Volume and Folio details) prior to the parties signing the contract and then completed those details sometime after signing; c) amended the deposit amount on the Contract after it had been signed by the parties and failed to have the parties initial the amendment; and d) signed as witness the Variation to the Contract dated 6 February 2009, prior to the sellers signing the Contract. 	\$1,500 fine to be paid within 28 days of the date of the order	\$500 costs to be paid within 28 days of the date of the order
153 of 2010	1st respondent Morgan Realty Pty Ltd	The 1st respondent breached sections 60(3), 61(5) and 61(4) of the Act.	\$1,000 fine to be paid within 21 days of the date of the order and Real Estate licence to be suspended for 2 years from the date of the order.	No order as to costs at 30 June 2011.
153 of 2010	2nd respondent Phillip Davies-Morgan	The 2nd respondent breached article 5 of the Code of Conduct.	Licence suspended for 2 years from date of the order.	No order as to costs to date.
153 of 2010	3rd respondent Salvatore Messina	The 3rd respondent failed to properly supervise the business of the 1st respondent and take steps to prevent breaches of the Act and the Code of Conduct.	Agents licence and Triennial certificate is suspended for 2 years from the date of the order.	No order as to costs.

VR	Respondents	Findings	Penalty	Costs
234 of 2010	1st respondent Joel Winkley	The 1st respondent carried out functions of a sales representative and received remuneration as an employee of the 2nd respondent when he did not hold a current certificate of registration contrary to section 44(1) of the Act.	\$1,000 fine to be paid within 28 days of the date of the order.	\$250 costs to be paid within 28 days of the order.
234 of 2010	2nd respondent AMG Real Estate Pty Ltd	Contrary to section 54(1) of the Act the 2nd respondent employed the 1st respondent and provided remuneration by way of wages for carrying out the functions of a sales representative whilst he was not registered.	\$1,000 fine to be paid within 28 days of the date of the order.	\$250 costs to be paid within 28 days of the date of the order.
234 of 2010	3rd respondent Ian Moffet	The respondent failed to act according to article 6(2) of the Code of Conduct in that they failed to properly supervise the business of the 2nd respondent, in that he failed to ensure persons employed to carry out the functions of a real estate sales representative were registered in accordance with the Act.	\$1,000 fine to be paid within 28 days of the date of the order.	\$250 costs to be paid within 28 days of the date of the order.
208 of 2010	Kevin Ian Mahney	<p>The respondent:</p> <ul style="list-style-type: none"> a) contrary to section 68(4) of the Act withdrew money from the trust account of Blue Chip Investments by Shoreline Pty Ltd (in liquidation) when not authorised to do so; b) breached section 68(5) of the Act and paid monies withdrawn from the above account to agency's general account and expended those monies; c) breached section 68(6)(a) of the Act in that he failed to keep full records of monies received and payments made by the agency; d) contrary to article 5(1) of the Code of Conduct, did not act fairly and honestly in causing unauthorised withdrawals, and use of monies, from above trust account; and e) contrary to article 6(2) of the Code of Conduct, failed to properly supervise the agency and take steps to ensure it complied with the Act. 	Agents licence and Triennial certificate is suspended for 5 years from the date of the order.	\$1,000.00 to be paid within 90 days of this order.

VR	Respondents	Findings	Penalty	Costs
78 of 2010	1st respondent Exclusive Waterfront Properties Pty Ltd	<p>The first respondent:</p> <p>a) contrary to section 68(1) of the Act failed to credit monies, received from Seafarer Holding Pty Ltd (Seafarer), in regards to a transaction to their trust account;</p> <p>b) breached article 13(1) of the Code of Conduct by failing to supply information in order to satisfy Seafarer that expenses which could be validly claimed were properly incurred and as to the amount of the expenses; and</p> <p>c) breached article 15(2) of the Code of Conduct by retaining reimbursement for expenses incurred in respect of advertising which were not agreed to by Seafarer.</p>	Total of \$2,700 in fines to be paid within 28 days of this order.	\$3,500.00 to be paid jointly with the second respondent within 28 days of this order.
78 of 2010	2nd respondent Ronald George Smith	<p>The second respondent:</p> <p>a) contrary to article 6(2) of the Code of Conduct failed to properly supervise the business of the first respondent in regards to the matter above.</p>	\$1,300 fine to be paid within 28 days of this order.	\$3,500.00 to be paid jointly with the first respondent within 28 days of this order.