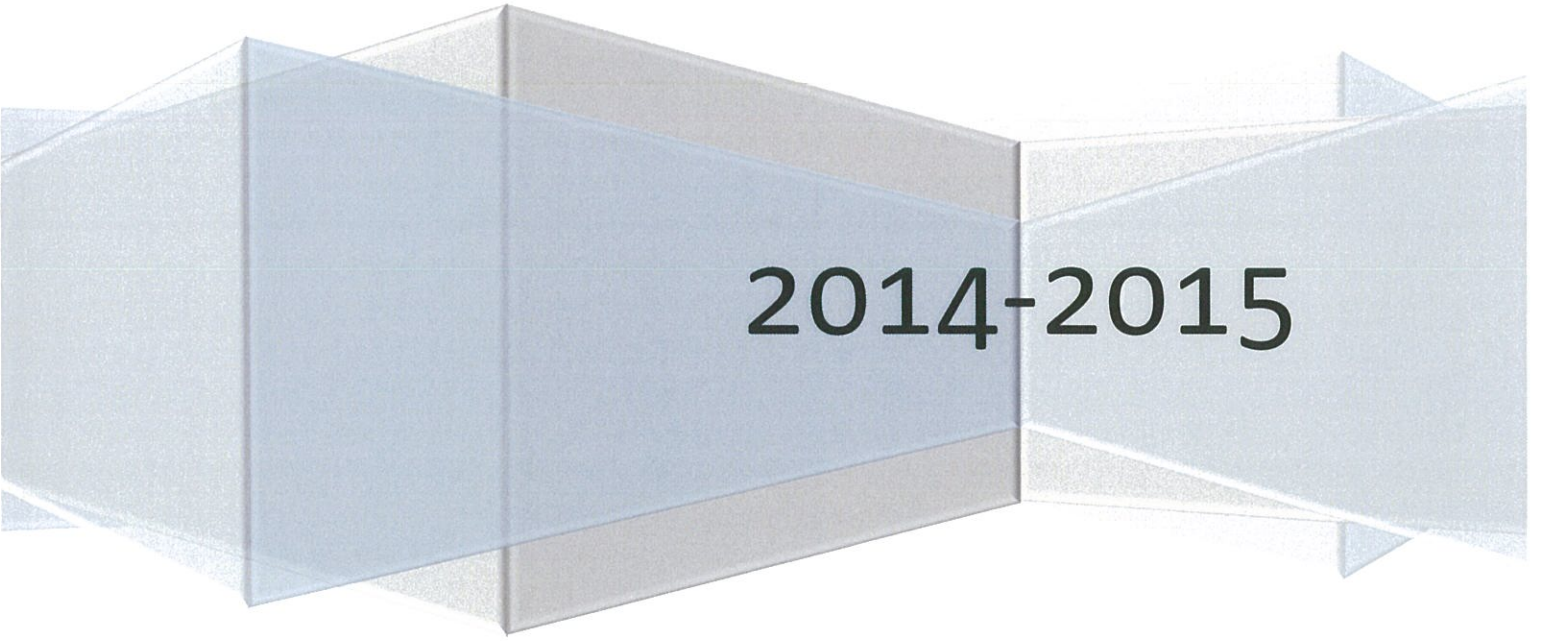


# **Property Agents Board**

## **Annual Report**



**2014-2015**

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Dr V Goodwin MLC  
Attorney-General  
Minister for Justice  
GPO Box 123  
Hobart Tas 7000

Dear Minister

In accordance with Section 92 of the *Property Agents and Land Transactions Act 2005*, ("the Act"), I submit for your information and presentation to Parliament the Annual Report of the Property Agents Board ("the Board") for the financial year ended 30 June 2015.

The report contains, as required by that section:

- the Board's audited statement of accounts prepared for the financial year;
- details of the number of names the Board entered in the Register during the financial year;
- a statement specifying the number and nature of complaints the Board received in respect of property agents during the financial year;
- a statement specifying the manner in which the Board handled complaints during the financial year, setting out the number it dismissed, the number it dealt with itself, the number it referred to the Tribunal and the number outstanding at the end of the financial year both before the Board and the Tribunal;
- a statement giving details of any disciplinary action the Board took against property agents during the financial year;
- the report the Tribunal has made to the Board in accordance with the Act.

### Acknowledgement

I wish to acknowledge with thanks the members of the Board for the contribution they have made to the work of the Board throughout the reporting period. I would like to also acknowledge the excellent work of the employees of the Board whose commitment has been vital to the ongoing productivity and effectiveness of the Board.

## **Summary of activities**

The following provides a summary of the activities of the Board in the reporting period and highlights a number of achievements within the financial year.

### **Registration, Qualification, Education**

The Board received and processed 66 new applications for registration and 468 renewal applications for the registration of Real Estate Agents, Property Managers and General Auctioneers.

A review of the qualification requirements for general auctioneers was undertaken during the year. The training units will ensure that an appropriate level of knowledge and skill is obtained before an individual can apply for registration.

The compulsory training units identified by the Board to be completed as part of the diploma qualifications for real estate agents and property managers were also reviewed. The review involved examining the units to ensure they remained relevant and correctly identified by code.

The Board continues to advance its continuing education program. The dedicated area of the Board's website provides property agents with details of the CE policy together with training sessions, courses etc which have been approved by the Board.

The Board recognises that continuing education needs to be meaningful to the individual for the training to be of benefit and the Board approved 139 sessions which were held during the year, and has approved 213 training course which training providers offer on an on-going basis.

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A total of 428 examinations were administered by the Board in 2014-15 for prospective property consultants and assistant property managers.

### **Complaints, Investigations, Discipline**

The number of complaints received during the course of the reporting period was 47, with a further 28 brought forward from the previous year. At 30 June the number of complaints on hand was 34.

The Board finalised 41 complaints, publishing 34 written decisions. The Board reprimanded five property agents, with two of those property agents also providing an undertaking to the Board as to future conduct.

The Board referred three matters to the Tribunal, and three decisions of the Board were appealed to the Tribunal.

Comparative complaint data indicated to the Board that a number of complaints occurred due to the lack of supervision by the managing property agent. The Board published supervision guidelines which provided property agents a strategy for compliance.

The Board is not currently required to notify a managing property agent of a complaint against an employee (and arguable is prevented from doing so by privacy constraints). The Board has requested this issue be addressed as part of the current legislative review.

During the year, complaints arose as to advertising by property agents and in particular through social media. The Board has accordingly developed guidelines which will be implemented during 2015-2016.

### **Trust Accounts**

A review of trust account regulations occurred during the year.

The review identified that the month end reconciliation process and the paperwork which needs to be printed and retained can be cumbersome for a property agent with a large rent-roll. It was also identified that reconciling the Property Agent's residential bond ledger with the Rental Deposit Authority (RDA) was difficult due to the format of information available from the RDA.

The Board recognised attention is required in both these areas but system changes for the RDA together with amendment to the regulations is needed before change can be implemented.

### **Legislative Change**

The Code of Conduct, which is a Schedule to the *Property Agents and Land Transaction Regulations* 2006, underwent review during 2013-2014. Throughout the review the Board consulted with relevant interested parties and particularly with the property industry. The updated Code of Conduct came into effect on 1 September 2014 and the Board has since provided direction and support to the industry to comply with the amended rules.

A function of the Board is to advise the Minister on any matters relating to the Act. In previous reporting periods, the Board has provided a list of proposed amendments to the Act. The Board notes that consultation by the Department of Justice has begun with the relevant stakeholder groups to advance the necessary changes to the Act and the Board is pleased to be a leading participant in the process.



John Upcher

Chair

Property Agents Board

Level 2, 172 Collins Street

Hobart Tas 7000



## PROPERTY AGENTS BOARD

### Organisational profile

The Property Agents Board is an independent statutory authority established under the *Property Agents and Land Transactions Act 2005* ("the Act") to regulate the real estate industry. The Board administers the Act, the *Property Agents and Land Transactions Regulations 2006* ("the Regulations") and the Code of Conduct developed in accordance with Section 82 of the Act.

The Board acts as the supervisory authority for property agents in Tasmania. The stated object of the Act is to regulate property agents and certain auction and real estate practices. "Property Agent" is defined by the Act to mean a real estate agent, a property manager, a general auctioneer, an assistant property manager or a property consultant. The duties of the Board are set out in Section 81 of the Act and include:

- a) to maintain the Register in accordance with the Act , which involves ensuring that only people who have the necessary experience and qualifications to do so and are not otherwise unfit to do so, are permitted to act as property agents;
- b) to administer the approval of qualifications for property agents;
- c) to ensure that property agents comply with the requirements of the Act relating to their conduct in carrying on their businesses or in carrying out their functions and, where they fail to do so, to take such appropriate disciplinary action to protect the interests of the public and to discourage such conduct;
- d) to ensure that people who are not permitted under the Act to do so do not act as property agents;
- e) to develop and ensure compliance with a Code of Conduct for property agents;
- f) to receive, investigate and determine complaints against property agents;
- g) to supervise the trust accounts of real estate agents named in Part 1(1) of the Register, property managers named in Part 2(1) of the Register and general auctioneers named in Part 3 of the Register;
- h) to advise property agents on appropriate standards of conduct;
- i) to monitor, identify and report to the Minister trends and issues that emerge within the property agents industry;
- j) to carry out educational functions in relation to the property agents industry;
- k) to advise the Minister on matters relating to the Act including its efficacy and on any other matters relevant to the Board's functions or to the property agents industry; and
- l) to carry out any other function imposed on the Board by the Act or any other Act.

The Board may:

- give advice to the Minister with regard to the regulation of the real estate industry;
- make recommendations regarding rules and regulations etc. relating to -
  - the handling of trust money;
  - courses of instruction and examinations; and
  - the professional conduct of property agents;
- refer alleged serious breaches of the Act, Regulations or Code of Conduct to the Property Agents Tribunal;
- issue or refuse the registration of real estate agents, property managers and general auctioneers;
- cause to be inspected and audited the trust accounts of general auctioneers, property managers and real estate agents; and
- establish, administer and process claims against the Property Agents Guarantee Fund; and
- the educational functions are set out in Section 81(3), and Section 82 provides for the Board to establish and review a Code of Conduct for property agents.

## Board Structure

The composition of the Board is set out in Section 71 of the Act. There are five members of the Board.

### Chair

The Chair must be a legal practitioner of at least five years standing who has legal experience in areas of law relevant to the position

**Mr John Upcher** retired from active legal practice in 2012, having practised for over 40 years in the areas of commercial and property law as well as wills and estate planning. Mr Upcher was also a member of the Legal Profession Board of Tasmania during the reporting period.

Mr Upcher was reappointed as Chair of the Board on 14 October 2013 for a further 3 year term.

### Members

Two members must be property agents who have at least five years' experience as property agents. One of these members is nominated by the body representing the property agents industry, the Real Estate Institute of Tasmania (REIT).

The other two members of the Board must not be property agents.



## Property Agent Members

**Mr John Soundy** is a Real Estate Agent, Trainer and Auctioneer with experience in large, small and franchised offices. He is a Life Member and former President of the Real Estate Institute of Tasmania.

Mr Soundy was reappointed to the Board on 14 October 2013 for a further 3 year term.

**Mr Adrian Kelly** is a Real Estate Agent and Auctioneer. He is the proprietor and CEO of a Tasmanian real estate firm with six offices in Tasmania. Mr Kelly is a past board member of the Real Estate Institute of Australia and is currently a board member and former President of the Real Estate Institute of Tasmania.

Mr Kelly was nominated to be a member of the Board by the REIT and was appointed to the Board on 14 October 2013 for a 3 year term.

## Non Property Agent Members

**Ms Belinda Webster** is University Secretary at the University of Tasmania. She has 20 years' experience in tertiary education as well as 15 as Parliamentary Counsel. Ms Webster is also a member of the Australian Association of University Secretaries and a member of the State Council of Governance Institute and has board experience in the health regulation, sport and community sectors.

Ms Webster was appointed to the Board on 4 July 2014 for a period of three years.

**Dr Kim Backhouse** was admitted to the Supreme Court of Victoria and the High Court as a Barrister and Solicitor in 1995. Subsequently Ms Backhouse worked for law firms in Melbourne. She joined the Ombudsman's office in Tasmania in 1999 in a senior role as Assistant Ombudsman and Senior Investigations Officer. Dr Backhouse, formerly a lecturer in law and corporate governance with the Faculty of Business at the University of Tasmania, is currently the CEO of Foster Carers Association of Tasmania. She is also Chair of the Code of Conduct Panel for Aldermen at the Clarence City Council.

Ms Backhouse was appointed to the Board on 4 July 2014 for a period of three years.

## Board member attendance at meetings for 2014-2015

| Meeting Date and Number | J Upcher | J Soundy | A Kelly | B Webster | K Backhouse |
|-------------------------|----------|----------|---------|-----------|-------------|
| 13 August (81st)        | 1        | 1        | 1       | absent    | 1           |
| 10 September (82rd)     | 1        | 1        | 1       | 1         | 1           |
| 8 October (83rd)        | 1        | 1        | 1       | 1         | 1           |
| 12 November (84th)      | 1        | 1        | 1       | absent    | 1           |
| 10 December (85th)      | 1        | 1        | 1       | 1         | 1           |
| 6 February (86th)       | 1        | 1        | 1       | 1         | absent      |



| Meeting Date and Number  | J Upcher  | J Soundy  | A Kelly   | B Webster | K Backhouse |
|--------------------------|-----------|-----------|-----------|-----------|-------------|
| 11 March (87th)          | 1         | 1         | 1         | absent    | 1           |
| 1 April (88th)           | 1         | 1         | 1         | 1         | 1           |
| 13 May (89th)            | 1         | 1         | 1         | absent    | 1           |
| 10 June (90th)           | 1         | 1         | 1         | 1         | 1           |
| <b>Meetings attended</b> | <b>10</b> | <b>10</b> | <b>10</b> | <b>6</b>  | <b>9</b>    |

## Board Staff

During 2014 - 15 the Board directly employed four staff:

- the Executive Officer;
- a part-time Executive Assistant;
- a part-time Complaints Officer
- a part-time examination coordinator.

Three Board Inspectors were also engaged on a casual basis and conducted state-wide inspections of the trust accounts of general auctioneers, real estate agents and property managers.

## Executive Officer

The Executive Officer has held the position since 2007 and is responsible for providing advice and assistance to the Board in its day-to-day operations. The Executive Officer is also responsible for ensuring that the Board's policies and strategies for regulating the property industry are implemented and monitored.

The Executive Officer is required to ensure the overall efficient operation of the Board and its staff.

The Executive Officer is also the Registrar of the Property Agents Tribunal, Secretary of the Property Agents Trust, and the Board's Right to Information Officer.

## Executive Assistant

The Executive Assistant is responsible for providing assistance to the Executive Officer in running the Board's day-to-day operations. She provides the initial point of contact for face-to-face and telephone enquiries, manages correspondence, maintains the statutory database and tracks legislative compliance of property agents.

## Complaints Officer

The Complaints Officer, who commenced in January 2014, conducts assessments and prepares reports and initial action for the Board regarding complaints.

As directed by the Board, the Complaints Officer conducts investigations, or facilitates more complex investigations, and prepares reports on them for the Board.

The Complaints Officer is required to maintain effective communication and relationships with complainants and other parties, including the preparation of necessary correspondence and dealing with telephone enquiries relating to complaints.

### **Exam Coordinator/Administration**

A separate Exam coordinator/administration position was created due to increasing workload. The Exam Coordinator, who commenced in December, is responsible for the management of the exam process for property consultants and assistant property managers. She coordinates the examination venues and exam supervisors, maintains a list of candidates, prepares all papers and distributes them to regional locations. The Exam Coordinator also notifies candidates of results and maintains a register of examination results.

### **Board Finance**

The Board is funded by the industry, in the form of registration revenue, interest earned on retained funds and grants from the Property Agents Guarantee Fund.

The Board's financial reporting is prepared in accordance with Australian Accounting Standards.

Financial reports are provided to and reviewed by the Board on a monthly basis. The financial reporting includes analysis of income and expenditure to budget and a comparison with the previous year's figures.

The Board's accounts are audited by the Tasmanian Audit Office each year.

The annual financial statements are attached to this report.

## **Registrations**

All real estate agents, property managers and general auctioneers require registration in order to carry on business in Tasmania. The registration effected by the Board must be renewed every year.

The Board assesses registration applications to ensure that only suitably qualified people enter the industry as registered property agents. The Board assists people seeking to obtain or renew a registration and to process applications in accordance with the Act.

While there is no registration of property consultants or assistant property managers, these categories of employees in real estate or property management businesses must be qualified before entering the industry by successfully completing the examination administered by the Board.

A purpose-built database is used to record registrations.

During the reporting period, the Board received and processed a total of 534 applications. Of those, 502 applications were from real estate agents, 9 for property manager registrations and 23 for general auctioneers.

Details of applications processed are as follows:

| Registration type                    | 2011-2012 |         | 2012-2013 |         | 2013-2014 |         | 2014-2015 |         |
|--------------------------------------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|
|                                      | new       | renewal | new       | renewal | new       | renewal | new       | renewal |
| Real Estate Agent Part 1 Division 1  | 30        | 154     | 28        | 165     | 25        | 160     | 22        | 161     |
| Real Estate Agent Part 1 Division 2  | 48        | 267     | 35        | 306     | 43        | 283     | 38        | 281     |
| Property Manager Part 2 Division 1   | 1         | 1       | 2         | 1       | 3         | 2       | 0         | 4       |
| Property Manager Part 2 Division 2   | 0         | 0       | 0         | 1       | 3         | 1       | 2         | 3       |
| General Auctioneer Part 3 Division 1 | 3         | 9       | 2         | 10      | 2         | 9       | 2         | 9       |
| General Auctioneer Part 3 Division 2 |           |         | 3         | 8       | 3         | 9       | 2         | 10      |

#### Fees for 2014-2015

|                           |   |          |
|---------------------------|---|----------|
| <b>Application fees</b>   | Company   | \$269.35 |
|                           | Individual  | \$134.70 |
| <b>Registration fees</b>  |   |          |
| <b>Real Estate Agent</b>  | Real Estate Agent Part 1 Division 1                                       | \$404.05 |
|                           | additional fee for each Property Consultant or Assistant Property Manager | \$68.10  |
| <b>Property Manager</b>   | Real Estate Agent Part 1 Division 2                                       | \$134.70 |
|                           | Property Manager Part 2 Division 1  | \$337.45 |
|                           | additional fee for each Assistant Property Manager                        | \$68.10  |
|                           | Property Manager Part 2 Division 2  | \$134.70 |
|                           | additional fee for each Assistant Property Manager                        | \$68.10  |
| <b>General Auctioneer</b> | General Auctioneer Part 3 Division 1                                      | \$404.05 |
|                           | General Auctioneer Part 3 Division 2                                      | \$134.70 |

#### Applications to manage more than one office

Pursuant to Section 7 the Board received 9 applications during the reporting period for a real estate agent to manage more than one authorised place of business. All were approved for a 'trial' period of 3 months, after which, the real estate agent was requested to re-apply for permanent approval.

Overall there are 22 real estate agents that manage two authorised places of business and 4 real estate agents managing three authorised place of business. The South has a total of 12 such businesses, the North has 9 and the North-West has 3 of the multiple office approvals.



## Objections

No objections were received by the Board with regard to a person entering the real estate industry as a property consultant, assistant property manager or general auctioneer.

## Examinations

The qualification required for a property consultant or assistant property manager is the successful completion of an examination administered by the Property Agents Board (Regulation 42 of the *Property Agents and Land Transactions Regulations 2006*).

The Board schedules exams in Hobart, Launceston and Ulverstone on a monthly basis and the Board publishes the examination schedule 12 months in advance.

A total of 428 examinations were conducted by the Property Agents Board in 2014-15, compared with 331 in 2013-2014. Of those, 183 were to gain qualification as an Assistant Property Manager and 245 as a Property Consultant.

216 examinations were undertaken in Hobart, 122 in Launceston, and 90 were undertaken in Ulverstone.

## Conduct and Complaints

The Board strives to ensure that:

- all property agents comply with the requirements of the Act, Regulations and Code of Conduct;
- complaints are investigated promptly and dealt with by the Board in a timely manner;
- prompt accurate advice is given to industry members and the public; and
- audit reports and trust account reports are received on time and all qualified reports are investigated.

### Conduct complaint procedures

Any person may make a complaint in writing about the conduct of a property agent. The complaint form has been modified during the year to assist the complainant and the Board in identifying the conduct concerned and the identity of the relevant party complained of.

A copy of the complaint is sent to the property agent for explanation, and the response (if any) is provided to the complainant for any further comment.

The complaint is then assessed by the Board's Complaints Officer, and the report is considered by the Board which decides whether the complaint is to proceed to investigation or should be dismissed under Section 98.



After an investigation, the Board does not refer a complaint to the Tribunal if it considers that there is insufficient evidence to substantiate the complaint or that the evidence appears to indicate that the conduct only amounts to minor misconduct. It may deal with minor misconduct itself pursuant to Section 109. In all other cases, it must under Section 108 refer the complaint to the Tribunal.

### **Complaint Handling**

The majority of complaint enquiries are dealt with initially by telephone and the Board attempts to resolve matters before they result in formal complaints.

The Board's officers provide guidance on how a potential complainant might manage to resolve an issue as an alternative to lodging a formal complaint with the Board. This process involves substantial time but is cost effective in comparison to the resources required to investigate a formal conduct complaint.

On average, 50 telephone complaint enquiries are received each calendar month.

The recent amendment to the Code of Conduct included a requirement for property agents to maintain a dispute resolution process. The Board considers that this process may result in the more frequent and amicable resolution of complaints.

### **Overall complaint management during 2014-2015**

28 complaints were carried forward from 2013-2014. A total of 47 complaints were received during 2014-2015 and 34 complaints remain unresolved as at 30 June 2015.

A total of 41 complaints were concluded during the reporting year, and 17 investigations were undertaken. From those matters investigated, 12 were dealt with under Section 108 as the Board was satisfied that there was insufficient evidence to substantiate the complaint. Five complaints were considered as amounting to minor misconduct that could be adequately dealt with by the Board, and three matters were referred to the Tribunal.

A total of 14 matters were dismissed pursuant to Section 98 of the Act on the basis that the Board was satisfied that the complaint was misconceived or lacking in substance. Seven matters were withdrawn by the complainant.

### **Complaints received 2014-2015**

There were 47 conduct complaints received by the Board during this period, of which 20 were finalised and 27 remained outstanding as at 30 June 2015.

Of the 20 complaints received and finalised in the year, seven were dismissed pursuant to Section 98 of the Act as the Board was satisfied that the complaint was vexatious, misconceived, frivolous or lacking in substance.

Five of these complaints were dealt with under Section 108, on the basis that the Board was satisfied that there was insufficient evidence to substantiate the complaint. One complaint was dealt with under Section 109 as the Board was satisfied that there was sufficient evidence to indicate that the conduct complained about only amounted to minor misconduct that could adequately be dealt with by the Board.

Four complaints were withdrawn by the complainant, and the Board was satisfied that it was not in the public interest to continue to investigate these complaints.

The Board determined pursuant to Section 97 not to accept one complaint as it involved conduct more than 12 months old. Two complaints were referred to the Tribunal.

### Complaints carried forward

Of the 28 complaints which were carried over from the previous reporting period, 21 were finalised. Six matters are on hold on the request of the complainant or due to other matters which were required to be resolved before the complaint process could continue. The remaining matter has been forwarded to the Tribunal on the request of the property agent (pursuant to Section 109(7)).

Of the 21 complaints finalised, seven matters were dismissed pursuant to Section 98 as the Board was satisfied that the complaint was vexatious, misconceived, frivolous or lacking in substance and seven of the complaints were dealt with under Section 108. Four of these matters were dealt with under Section 109 as minor misconduct and the property agents issued with a caution or reprimand, while three matters were withdrawn.

### Statistical Information for the complaints received for the past three financial years

|  | 2012-2013 | 2013-2014 | 2014-2015 |
|--|-----------|-----------|-----------|
|  | Total     | Total     | Total     |
|  | 31        | 52        | 47        |

#### Category

|           |    |    |    |
|-----------|----|----|----|
| Landlord  | 10 | 9  | 7  |
| Other     | 7  | 12 | 12 |
| Purchaser | 2  | 12 | 5  |
| Tenant    | 4  | 11 | 15 |
| Vendor    | 8  | 8  | 8  |
|           | 31 | 52 | 47 |

2012-2013

2013-2014

2014-2015

### Principal Allegation

|   |    |    |    |
|---|----|----|----|
| Failure to act in clients best interests                      |    | 11 |    |
| Failure to act fairly, honestly and in a reasonable manner    |    | 13 | 14 |
| Failure to diligently supervise                               |    |    | 4  |
| Failure to exercise due care, skill or diligence              | 9  | 7  | 11 |
| Failure to follow client's lawful instructions                | 11 | 2  | 3  |
| Failure to make all reasonable efforts to resolve a complaint |    |    | 1  |
| Failure to properly deal with funds                           | 3  | 5  | 3  |
| False or misleading advertising                               | 1  | 7  | 5  |
| High Pressure Tactics   |    | 5  | 1  |
| Legislative Breach  |    |    | 2  |
| Misrepresentation or misleading conduct                       | 7  | 2  |    |
| Professional Misconduct                                       |    |    | 1  |
| Publish an advertisement without authorisation                |    |    | 1  |
| Undefined complaint withdrawn                                 |    |    | 1  |
|   | 31 | 52 | 47 |

### Complaint Status

|  |    |    |    |
|--|----|----|----|
| Complaints Officer Report pending              |    |    | 6  |
| Explanation pending                            |    |    | 9  |
| Investigation proceeding                       |    |    | 11 |
| On Hold  |    | 6  | 1  |
| S108(2)(a) dismissed for insufficient evidence | 10 | 12 | 5  |
| S109(6) reprimand and/or undertaking           | 6  | 5  | 1  |
| S97 over 12 months old : not accepted          |    |    | 1  |
| S98(2) lacking in substance                    | 4  | 20 | 6  |
| S98(2) misconceived                            | 2  |    | 1  |
| Tribunal - referred to                         | 3  | 1  | 2  |
| Withdrawn                                      | 6  | 8  | 4  |
|  | 31 | 52 | 47 |

## Property Agents Tribunal

The Tribunal's report is attached.

## Trust Accounts

The Act and Regulations set out how property agents are to maintain their trust account records, and the Board requires full compliance with the trust account provisions.

Property agents are required to submit trust account reports to the Board by 31 December and 30 June, and by 30 September each year an audit report as to the property agent's trust account(s) is required. This audit is performed by an independent auditor.



The number of accounts for property agents and conveyancers held by approved financial institutions is as shown in this table:

|           | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 |
|-----------|-----------|-----------|-----------|-----------|
| ANZ       | 117       | 106       | 108       | 108       |
| Bendigo   | 30        | 33        | 32        | 32        |
| CBA       | 54        | 55        | 54        | 53        |
| Heritage  | 1         | 2         | 2         | 2         |
| Macquarie | 2         | 3         | 3         | 3         |
| NAB       | 28        | 24        | 22        | 26        |
| WBC       | 36        | 32        | 32        | 32        |
| Totals    | 268       | 255       | 253       | 256*      |

\*note 10 trust accounts are held by conveyancers

### Trust Account reports

244 Trust Account Reports were received from the 184 property agents holding trust accounts in Tasmania. Two property agents failed to submit the Trust Account Report and the Board initiated disciplinary action against them.

### Annual Audit Reports

241 annual audit reports were to be received for the 2013-2014 period. A total of three audit reports were outstanding and disciplinary action was taken against those property agents. Of the 238 annual Audit Reports reviewed, 20 were qualified. Audit investigations were initiated and completed.

Property agents were given assistance as and when required. Approximately 80 reconciliations were reviewed following the examination of reconciliation statements and supporting documents.

The Board has made changes to the audit report and checklist in order to increase awareness of areas of concern to be identified by the auditors.

### Audit result snapshot

|  | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 |
|--|-----------|-----------|-----------|-----------|
| No. of trust accounts to be audited                  |           | 250       | 246       | 241       |
| <b>Qualified Reports (material)</b>                  |           |           | 13        | 20        |
| <b>No. of Property Agents with Qualified Reports</b> | 9         | 9         | 7         | 17        |
| <b>No. of audits outstanding</b>                     | 16        | 7         | 6         | 3         |
| <b>As at</b>   | 2/12/2011 | 6/11/2012 | 6/11/2013 | 28/2/2015 |

### Accounting Software

As in prior years, a substantial number of minor issues were raised in relation to accounting systems. This involved telephone calls and email requests for information and/or reconciliations to clarify the seriousness and materiality of issues raised in the audit reports.



The most common software packages used for managing the trust accounts were:

|     |   |
|-----|---|
| 28% | Console   |
| 16% | Rest-Rockend  |
| 8%  | Manually or in combination with the use of spreadsheets |
| 7%  | Harcourts HPS   |
| 5%  | Multi-Array   |
| 5%  | My Desk Top   |
| 30% | 24 other industry specific trust and auction packages   |
| 1%  | General ledger software systems/MYOB/Quickbooks         |

### Property management activities

The approximate number of rental properties (which includes some car parks and holiday rentals) managed by all property agents throughout the State, was provided by the auditors as part of the audit checklist.

The figures provided State-wide totalled some 29,533 tenancies (27,834 in 2012-2013).

The largest portfolios administered were in the following regional locations:

| Ranking         | Portfolio No. | Region     | Ranking          | Portfolio No. | Region     |
|-----------------|---------------|------------|------------------|---------------|------------|
| 1 <sup>st</sup> | 1200          | North      | 9 <sup>th</sup>  | 650           | North-West |
| 2 <sup>nd</sup> | 920           | South      | 10 <sup>th</sup> | 630           | South      |
| 3 <sup>rd</sup> | 900           | South      | 11 <sup>th</sup> | 500+          | North      |
| 4 <sup>th</sup> | 800           | South      | 12 <sup>th</sup> | 500+          | North      |
| 5 <sup>th</sup> | 732           | South      | 13 <sup>th</sup> | 500+          | North-West |
| 6 <sup>th</sup> | 720           | South      | 14 <sup>th</sup> | 500+          | South      |
| 7 <sup>th</sup> | 700           | North-West | 15 <sup>th</sup> | 500+          | South      |
| 8 <sup>th</sup> | 670           | North      |                  |               |            |

126 offices (125 in 2012-2013) administer rental portfolios throughout the State, some of which were through separate trust accounts and others through trust accounts which also processed sales.

There were 52 property agents with rental portfolios of less than 150, 58 where the portfolios ranged 150 - 499, 15 within the 500 - 1000 range, and 1 in the excess of 1000 rentals.

### Inspections

The Board continued its Inspection program reviewing trust account and audit reports, and in accordance with a checklist for undertaking investigations and inspections.

As previously, the inspections are conducted at different levels and are categorised as follows:

- **Full** - Comprehensive inspection review of compliance with relevant legislative requirements
- **Partial** - Inspection reviewing within defined parameters
- **Review** - Property agents forward defined monthly reconciliation documents to the Board for inspection
- **Courtesy** - Inspector contact - to clarify trust account enquiries or follow up after compliance issues

As well as qualified audit reports being received from auditors or from the inspection program, there are three other ways that non-compliance with the trust account provisions may come to the attention of the Board:

- during an investigation into a conduct complaint;
- through a complaint directly relating to a Property Agent's operation of the trust account; and
- through financial institutions notifying the Board when a trust account becomes overdrawn.

The Board has provided assistance to over 40 property agents with regard to their statutory reporting requirements. This assistance involved newly qualified agents, property agents who have changed accounting software packages or taken over the responsibility for trust account reconciliations, and the answering of queries with regard to legislative compliance.

The inspection program has recently been changed from a risk-based program to a cycle of inspection of each property agent every three years.

## Guarantee Fund Claims

The Property Agents Guarantee Fund was established to meet claims for loss suffered by people as a result of certain acts or omissions of real estate agents named in Part 1 (1) of the Register, property managers named in Part 2(1) of the Register or general auctioneers named in Part 3 of the Register and people employed or engaged by them, or acting on their behalf.

As mentioned in the previous year's report, an amount of money has been stolen by an employee of a real estate agent named in Part 1 (1) of the Register. The money stolen consisted of at least 132 security deposits and money owing to creditors. The total amount embezzled is estimated as at least \$135,000.

In this reporting period, 38 claims were made totalling \$28,053.53. Payments to tenants were \$20,811.66 and \$7,273.87 to landlords.

The total number of claims to the 30 June 2015 is 82, and the total paid from the Guarantee Fund is \$58,916.68.

### Breakdown of payments as below:

| Year      | No. Claims | Value of Bond | Paid to Tenant | Paid to Landlord |
|-----------|------------|---------------|----------------|------------------|
| 2013-2014 | 44         | \$30,600.00   | \$24,208.34    | \$6,622.81       |
| 2014-2015 | 38         | \$29,430.00   | \$20,811.66    | \$7,273.87       |
| Total     | 82         | \$60,030.00   | \$45,020.00    | \$13,896.68      |



## Professional Indemnity Insurance

The Board monitors professional indemnity insurance held by real estate agents, property managers and general auctioneers. The Board maintains a register of this information, and inspects copies of Certificates of Currency to ensure compliance.

## Right to Information Requests

The Board provided information in response to one right to information request, and processed another under the assessed disclosure provisions pursuant to the *Right to Information Act* 2009.

## Legislative Amendments

In relation to Section 81 of the Act, which provides that the Board is to advise the Minister on any matters relating to the Act, it is noted that previous reports have referred to areas which legislative amendment or clarification is thought to be desirable.

The Board notes that a review of the proposed amendments is underway and it is working with Consumer Affairs in respect of these matters.

## Code of Conduct

Following the extensive review of the Code of Conduct during the period 2013-2014, the updated Code of Conduct came into effect on 1 September 2014.

The main amendments and additions to the Code were:

- adding a definition of “customer”;
- providing further definition on the object of the code;
- a requirement for property agents to have written complaint policy and procedures for the purposes of dispute resolution;
- the highlighting of the property agent’s responsibilities to both their client and their customer;
- provisions as to prior agency agreements and conflict of interest;
- provisions for co-operation between property agents when dealing with a transfer of property management records;
- inclusion of conduct detrimental to the real estate industry as possible misconduct; and
- provision of examples of misleading conduct, harassment or unconscionable conduct.

## Education and Awareness

The Board has continued to provide:

- Over the counter information service to members of the public and industry;
- A telephone information service to members of the public and industry;
- Support and funding through the Property Agents Guarantee Fund for education programs for the professional development of property agents;
- Information by way of bulletins and memos to the industry; and
- through the Board's Executive Officer, information at industry forums and various agency's training sessions.

### Education

The Property Agents Trust has continued to provide to the Real Estate Institute of Tasmania (REIT), through the Board, funding for professional development and continuing education.

The REIT, as a Registered Training Organisation, provides entry level and continuing professional development training courses based on the National Training Package (CPP07 Property Services Training Package) and other accredited units of study. The REIT's programme receives extensive support by way of funds from the Property Agents Trust, with the approval of the Board.

### Continuing Education

All individual real estate agents, property managers and general auctioneers who hold a registration are required to complete 8 hours of approved continuing education each registration year.

The continuing education program is designed to encourage compliance with the highest ethical standards and with legislative obligations under the Act, Regulations and the Code of Conduct. The Board's website provides current information as to courses available and the Board's requirements.

Dated: 21 September 2015

Property Agents Board



# TRIBUNAL

Pursuant to the Property Agents and Land Transactions Act 2005

Level 2, 172 Collins Street  
Hobart Tas 7000  
Telephone 03 6281 3479  
registrar@propertyagentstribunal.com

27 August 2015

The Chair  
Property Agents Board  
Level 2, 172 Collins Street  
Hobart Tas 7000

Dear Sir

In accordance with S.117 of the *Property Agents & Lands Transaction Act 2005* ("the Act") I am pleased to provide this report on the activities of the Tribunal for the period 1 July 2014 to 30 June 2015.

Yours faithfully



DAVID WALLACE  
President

# TRIBUNAL

Pursuant to the Property Agents and Land Transactions Act 2005

## REPORT ON ACTIVITIES 2014-2015

### 1. References 2014-2015

The Tribunal received three (3) references in respect of conduct complaints during 2014-2015.

One matter was heard during the reporting period but the decision was not published before 30 June 2015. The second matter is yet to be heard.

The third reference was made pursuant to S109(7) of the *Property Agents and Land Transactions Act 2005* as, the Board must refer a complaint to the Tribunal if the property agent requests it be referred to the Tribunal. As President of the Tribunal I declared I had a potential conflict of interest and I was not able to preside.

Due to a deficiency in the legislation that does not allow me to appoint an acting President, the Minister needed to appoint another qualified person to preside pursuant to the *Acts Interpretation Act*. The appointment has been made but the matter not yet heard.

### 2. References brought forward

Four (4) matters were brought forward from previous reporting periods. Three (3) of those matters were finalised during the year and the other has been heard but that decision not published.

#### 2.1 This reference involved alleged unsatisfactory professional conduct.

It was alleged a breach of clause 8(b) of the Code of Conduct had occurred, in that, the Property Agent negotiated payment for work that exceeded the amount agreed.

The Tribunal was not satisfied the evidence supported the breach of Rule 8(b) of the Code by the agent subject of the complaint and dismissed the complaint.

#### 2.2 This reference involved alleged unsatisfactory professional conduct.

It was alleged that the property agent had breached clauses 7(c) and 7 (d) of the Code of Conduct in Schedule 2 of the *Property Agents and Land Transactions Regulations 2006*.

The Tribunal was not satisfied or persuaded to the necessary degree that the property agent had failed to carry out the client's instructions.

The Tribunal dismissed the complaint.

- 2.3 This reference involved an allegation of professional misconduct or unsatisfactory professional conduct.

The property agent failed to advise the client of the likelihood of the client becoming liable to two sale commissions as a purchaser had been introduced to the client property by another agent during a period of that other agent's agency agreement.

The property agent in the circumstances was guilty of unsatisfactory professional conduct fined a sum of \$4,000 and ordered to pay costs of \$5,000.

### 3. Appeals

There have been three (3) appeals to the Tribunal from decisions of the Property Agents Board ("Board").

- 3.1 The first was made by the Complainants, the purchasers in the matter of complaint to the Board.

The Tribunal upheld the decision of the Board that the matter of complaint lacked substance.

- 3.2 The second was made by the Complainant, the tenant in the matter of complaint to the Board.

The Tribunal upheld the decision of the Board that the matter of complaint lacked substance.

- 3.3 The third was made by the Complainant. As President of the Tribunal I identified a conflict of interest and declared I was not able to preside at a Tribunal.

The Minister was required and did appoint another qualified person to preside pursuant to the *Acts Interpretation Act*.

The Tribunal was established but at the end of the reporting period the decision had not been published.

### 4. Functions of the Tribunal

All hearings have been held in Southern Tasmania.

All references have involved legal argument and submissions as to the interpretation of and application of "the Act".

The Tribunal procedural directions hearings continue to facilitate the efficient conduct of hearings of the Tribunal.



DAVID WALLACE  
President

**Property Agents Board**  
ABN 93 793 560 726

Financial Statements  
For the year ended 30 June 2015

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**Scanlon Richardson Financial Group Pty Ltd**  
Level 2, 172 Collins Street  
Hobart 7000

Phone: (03) 62313448 Fax: (03) 62233973  
Email: [reception@srfg.com.au](mailto:reception@srfg.com.au)



**Property Agents Board**  
**ABN 93 793 560 726**

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**Property Agents Board**  
**ABN 93 793 560 726**  
**Board's Report**  
**For the year ended 30 June 2015**

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Your Board members submit the financial accounts of the Property Agents Board for the financial year ended 30 June 2015.

### **Board Members**

The names of Board members at the date of this report are:

John Upcher  
John Soundy  
Belinda Webster  
Kim Backhouse  
Adrian Kelly

### **Principal Activities**

The principal activities of the Board during the financial year were: to maintain the Register of Property Agents in accordance with the Property Agents and Land Transactions Act 2005; to ensure acceptable standards of practice by general auctioneers, real estate agents and property managers and those employed by them; and to investigate and determine complaints against property agents.

### **Significant Changes**


No significant change in the nature of these activities occurred during the year.

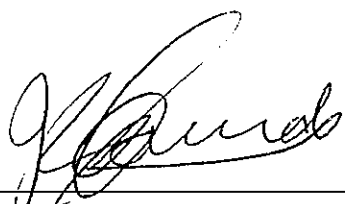
### **Operating Result**

The profit from ordinary activities amounted to

| Year ended   | Year ended   |
|--------------|--------------|
| 30 June 2015 | 30 June 2014 |
| \$           | \$           |
| 14,997       | (37,509)     |

Signed in accordance with a resolution of the Members of the Board on:

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member of the Board

Dated this 9<sup>th</sup> day of September 2015

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The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement by Members of the Board**  
**For the year ended 30 June 2015**

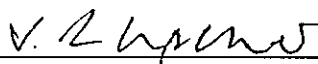
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The Board has determined that the organisation is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board the Financial Statements:

1. Presents fairly the financial position of Property Agents Board as at 30 June 2015 and its performance for the year ended on that date.
2. Complies with Australian Accounting Standards and Interpretations except for AASB 7 Financial Instruments: Disclosure; AASB 124 Related Parties; AASB 132 Financial Instruments: Presentation; AASB 139 Recognition and Measurement.
3. At the date of this statement, there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



John Upcher  
Chairman



Alicia Hutton  
Executive Officer

Dated this 9<sup>th</sup> day of September 2015

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The accompanying notes form part of these financial statements.



**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

|  | Note | 2015<br>\$ | 2014<br>\$ |
|--|------|------------|------------|
| <b>Income</b>                            |      |            |            |
| Application Fees                         |      | 13,172     | 13,746     |
| Examination fees                         |      | 28,822     | 23,957     |
| Fines                                    |      | 8,545      | 15,300     |
| Interest received                        |      | 13,710     | 16,061     |
| Late fees collected                      |      | 5,717      | 9,801      |
| Miscellaneous Income                     |      | 2,778      | 3,060      |
| Photocopying                             |      | -          | 1,150      |
| Property Agents Trust - Research/NOLS/Ed |      | 161,000    | 83,600     |
| Property Agents Trust - Distributions    |      | 705,786    | 459,848    |
| Property Agents Trust - Reimbursements   |      | -          | 2,757      |
| Property Agents Trust - Secretarial Fees |      | 35,000     | 30,000     |
| Registration fees                        |      | 194,027    | 190,889    |
| Sundry income                            |      | -          | 5,093      |
| Total income                             |      | 1,168,557  | 855,262    |

**Expenses**

|                                   |        |        |
|-----------------------------------|--------|--------|
| Accountancy                       | 10,142 | 3,341  |
| Advertising and promotion         | -      | 2,546  |
| Audit fees                        | 3,810  | 5,390  |
| Bank Fees And Charges             | 206    | 379    |
| Depreciation - plant              | 2,120  | 6,591  |
| Debtors adjustments               | -      | 2,927  |
| Entertainment                     | 1,655  | 1,451  |
| Examination expenses              | 10,698 | 7,752  |
| Inspections                       | 24,118 | 10,516 |
| Insurance                         | 2,339  | 3,609  |
| Investigations                    | -      | 18,928 |
| Legal fees                        | 26,449 | 46,985 |
| Meeting expenses - sitting fee    | 8,866  | 9,438  |
| Meeting expenses - travel & accom | 854    | 1,582  |
| Moving expenses                   | -      | 9,265  |
| Occupancy costs                   | 44,275 | 43,235 |
| Postage                           | 4,551  | 4,336  |

The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

|  | Note | 2015<br>\$    | 2014<br>\$      |
|--|------|---------------|-----------------|
| Printing & stationery  |      | 8,771         | 7,850           |
| Provision for employee leave benefits                                      |      | 1,871         | 303             |
| Property Agents Trust Distributions to REIT -<br>Training & Seminars       |      | 138,425       | 140,767         |
| Property Agents Trust Distributions to REIT -<br>Research & Training       |      | 335,631       | 316,394         |
| Property Agents Trust Distributions to REIT -<br>Training Material Rewrite |      | 26,673        | 2,688           |
| Property Agents Trust Distributions - Department<br>of Justice             |      | 205,057       | -               |
| Repairs/maintenance/equipment  |      | 3,060         | 3,141           |
| Salaries - ordinary  |      | 226,687       | 171,896         |
| Salaries - Board Chairman  |      | 16,000        | 16,000          |
| Security shredding   |      | 229           | 193             |
| Subscriptions  |      | 1,337         | 1,267           |
| Sundry expenses  |      | (374)         | 3,060           |
| Superannuation   |      | 24,874        | 18,230          |
| Telephone  |      | 10,469        | 12,459          |
| Travel, accom & conference   |      | 491           | 1,818           |
| Tribunal expenses  |      | 14,276        | 18,434          |
| Total expenses   |      | 1,153,560     | 892,771         |
| <b>Net surplus/(deficit) for the year</b>                                  |      | <b>14,997</b> | <b>(37,509)</b> |
| Other comprehensive income   |      | -             | -               |
| <b>Total comprehensive income</b>  |      | <b>14,997</b> | <b>(37,509)</b> |

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The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Financial Position as at 30 June 2015**

|                                      | Note | 2015<br>\$     | 2014<br>\$     |
|--------------------------------------|------|----------------|----------------|
| <b>Assets</b>                        |      |                |                |
| <b>Current Assets</b>                |      |                |                |
| Cash and cash equivalents            | 2    | 75,384         | -              |
| Receivables                          | 3    | 135,888        | 140,591        |
| Current tax assets                   | 4    | -              | 630            |
| Investments                          | 5    | 450,000        | 450,000        |
| Other                                | 5    | 6,160          | 6,160          |
| <b>Total Current Assets</b>          |      | <b>667,432</b> | <b>597,381</b> |
| <b>Non-Current Assets</b>            |      |                |                |
| Property, plant and equipment        | 6    | 8,381          | 10,501         |
| <b>Total Non-Current Assets</b>      |      | <b>8,381</b>   | <b>10,501</b>  |
| <b>Total Assets</b>                  |      | <b>675,813</b> | <b>607,882</b> |
| <b>Liabilities</b>                   |      |                |                |
| <b>Current Liabilities</b>           |      |                |                |
| Payables                             | 7    | 136,801        | 47,729         |
| Overdraft                            | 2    | -              | 40,886         |
| Current tax liabilities              | 4    | 12,356         | 9,479          |
| <b>Total Current Liabilities</b>     |      | <b>149,157</b> | <b>98,094</b>  |
| <b>Non-Current Liabilities</b>       |      |                |                |
| Provisions                           | 8    | 39,805         | 37,934         |
| <b>Total Non-Current Liabilities</b> |      | <b>39,805</b>  | <b>37,934</b>  |
| <b>Total Liabilities</b>             |      | <b>188,962</b> | <b>136,028</b> |
| <b>Net Assets</b>                    |      | <b>486,851</b> | <b>471,854</b> |
| <b>Equity</b>                        |      |                |                |
| Accumulated surpluses                |      | 486,851        | 471,854        |
| <b>Total Equity</b>                  |      | <b>486,851</b> | <b>471,854</b> |

The accompanying notes form part of these financial statements.



**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Changes in Equity**

|                              | <b>Retained<br/>Profits</b> | <b>Total</b> |
|------------------------------|-----------------------------|--------------|
| <b>Balance at 01/07/2013</b> | 509,363                     | 509,363      |
| Net Surplus/Deficit          | (37,509)                    | (37,509)     |
| Subtotal                     | 471,854                     | 471,854      |
| <b>Balance at 30/06/2014</b> | 471,854                     | 471,854      |
|                              |                             |              |
| Net Surplus/Deficit          | 14,997                      | 14,997       |
| Subtotal                     | 486,851                     | 486,851      |
| <b>Balance at 30/06/2015</b> | 486,851                     | 486,851      |

The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Cash Flows**  
**For the year ended 30 June 2015**

|   | Note | 2015<br>\$ | 2014<br>\$ |
|---|------|------------|------------|
| <b>Cash Flow From Operating Activities</b>          |      |            |            |
| Receipts from fees and registrations                |      | 255,441    | 266,585    |
| Receipts from Property Agents Trust                 |      | 971,459    | 438,612    |
| Payments to Suppliers and employees                 |      | (371,459)  | (432,188)  |
| Distribution of Property Agents Trust receipts      |      | (755,859)  | (421,737)  |
| Net cash flow from GST                              |      | -          | 6,683      |
| Interest received                                   |      | 13,710     | 16,061     |
| Other receipts                                      |      | 2,978      | -          |
| Net cash provided by (used in) operating activities | B    | 116,270    | (125,984)  |
| <b>Cash Flow From Investing Activities</b>          |      |            |            |
| Purchase of property, plant and equipment           |      | -          | (1,389)    |
| Net cash provided by (used in) investing activities |      | -          | (1,389)    |
| Net increase (decrease) in cash held                |      | 116,270    | (127,373)  |
| Cash at the beginning of the year                   |      | (40,886)   | 86,487     |
| Cash at the end of the year (note 2)                | A    | 75,384     | (40,886)   |

The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Statement of Cash Flows**  
**For the year ended 30 June 2015**

|   | Note | 2015          | 2014            |
|---|------|---------------|-----------------|
| <b>Note A. Reconciliation Of Cash</b>   |      |               |                 |
| For the purposes of the statement of cash flows, cash includes cash on hand and in bank.  |      |               |                 |
| Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: |      |               |                 |
| Cash At Bank  |      | 64,879        | (52,131)        |
| Payroll Cheque Account  |      | 10,000        | 10,000          |
| Petty cash  |      | 170           | 170             |
| Undeposited funds   |      | 135           | 875             |
| Exam float  |      | 200           | 200             |
|   |      | <u>75,384</u> | <u>(40,886)</u> |

**Note B. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Surplus/(Deficit)**

|   |                       |                         |
|---|-----------------------|-------------------------|
| Operating profit (loss) after tax   | 14,997                | (37,509)                |
| Depreciation  | 2,120                 | 6,591                   |
| Changes in assets and liabilities net of effects of purchases and disposals of controlled entities: |                       |                         |
| (Increase) decrease in trade and term debtors   | 4,703                 | (134,004)               |
| (Increase) decrease in prepayments  | -                     | (6,160)                 |
| Increase (decrease) in trade creditors and accruals   | 92,578                | 44,794                  |
| Increase (decrease) in employee entitlements  | 1,872                 | 304                     |
| <b>Net cash provided by operating activities</b>  | <u><b>116,270</b></u> | <u><b>(125,984)</b></u> |



**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

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## **Note 1: Summary of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Property Agents & Land Transactions Act 2005. The members have determined that the Board is not a reporting entity for financial reporting purposes.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

In addition to complying with the financial reporting requirements of the Property Agents & Land Transactions Act 2005, this special purpose financial report complies with Australian Accounting Standards and Interpretations except for AASB 7 Financial Instruments: Disclosure; AASB 124 Related Parties; AASB 132 Financial Instruments: Presentation and AASB 139 Recognition and Measurement.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

### **(a) Comparative Figures**

Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### **(b) Property, Plant and Equipment (PPE)**

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the Board commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### **Depreciation Rates**

The depreciation rates used for each class of depreciable assets are:

|                   |           |
|-------------------|-----------|
| Plant & Equipment | 10% - 33% |
|-------------------|-----------|

### **(c) Employee Benefits**

Provision is made for the Board's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

### **(d) Provisions**

Provisions are recognised when the Board has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

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**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

**(f) Revenue and Other Income**

Registration income is recognised over the period to which the registration relates.

Interest revenue is recognised over the period for which the funds are invested.

Revenue from the provision of services is recognised upon delivery of the service to the customers.

Property Agents Trust Distribution income is recognised when the services, which the Board is contractually obliged to provide, are delivered (refer Note 1 (j)).

All revenue is stated net of the amount of goods and services tax (GST).

**(g) Income Tax**

No provision for income tax has been raised as the Board is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

**(i) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Board during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(j) Unspent Property Agents Trust Distributions**

It is the policy of the Board to treat Property Agents Trust distributions as unexpended funds liabilities in the Balance Sheet where the Board is contractually obliged to provide services in a subsequent financial period to when the grant is received.

**(k) Critical Accounting Estimates and Judgments**

The Board evaluations, estimates and judgments incorporated into the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Board.

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**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

|  | 2015          | 2014            |
|--|---------------|-----------------|
| <b>Note 2: Cash and Cash Equivalents</b> |               |                 |
| Bank accounts:                           |               |                 |
| Cash At Bank                             | 64,879        | (52,131)        |
| Payroll Cheque Account                   | 10,000        | 10,000          |
| Other cash items:                        |               |                 |
| Petty cash                               | 170           | 170             |
| Undeposited funds                        | 135           | 875             |
| Exam float                               | 200           | 200             |
|  | <u>75,384</u> | <u>(40,886)</u> |

**Note 3: Receivables**

**Current**

|               |                |                |
|---------------|----------------|----------------|
| Trade debtors | 135,888        | 140,591        |
|               | <u>135,888</u> | <u>140,591</u> |

**Note 4: Tax Assets / (Liabilities)**

|                                  |                 |                |
|----------------------------------|-----------------|----------------|
| GST payable control account      | (27,520)        | (27,933)       |
| Input tax credit control account | 26,839          | 27,191         |
| ATO Integrated Client Account    | (3,813)         | 1,372          |
|                                  | <u>(4,494)</u>  | <u>630</u>     |
| PAYG Withholding                 | (7,862)         | (9,479)        |
|                                  | <u>(7,862)</u>  | <u>(9,479)</u> |
|                                  | <u>(12,356)</u> | <u>(8,849)</u> |

The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

|  | 2015           | 2014           |
|--|----------------|----------------|
| <b>Note 5: Other Assets</b>                              |                |                |
| <b>Current</b>   |                |                |
| Long term deposits (maturity date greater than 3 months) | 450,000        | 450,000        |
| Rental bond paid   | 6,160          | 6,160          |
|  | <u>456,160</u> | <u>456,160</u> |

**Note 6: Property, Plant and Equipment**

Leasehold improvements:

|                                  |          |          |
|----------------------------------|----------|----------|
| - At cost                        | -        | 3,730    |
| - Less: Accumulated depreciation | -        | (3,730)  |
|                                  | <u>-</u> | <u>-</u> |

Plant and equipment:

|                                  |              |               |
|----------------------------------|--------------|---------------|
| - At cost                        | 21,951       | 21,951        |
| - Less: Accumulated depreciation | (13,570)     | (11,450)      |
|                                  | <u>8,381</u> | <u>10,501</u> |
|                                  | <u>8,381</u> | <u>10,501</u> |

**a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

|                                  |              |               |
|----------------------------------|--------------|---------------|
| Balance at the beginning of year | 10,501       | 15,705        |
| Additions                        | -            | 954           |
| Adjustments                      | -            | 433           |
| Depreciation expense             | (2,120)      | (6,591)       |
| Balance at end of year           | <u>8,381</u> | <u>10,501</u> |

**Note 7: Payables**

|                        |                |               |
|------------------------|----------------|---------------|
| Trade creditors        | 136,660        | 47,729        |
| Superannuation payable | 141            | -             |
|                        | <u>136,801</u> | <u>47,729</u> |

The accompanying notes form part of these financial statements.



**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

|   | 2015          | 2014          |
|---|---------------|---------------|
| <b>Note 8: Provisions</b>                 |               |               |
| <b>Current</b>                            |               |               |
| Provision for annual leave                | 14,401        | 15,096        |
| Provision for super on annual leave       | 1,368         | 1,434         |
| <b>Non Current</b>                        |               |               |
| Provision for long service leave          | 21,544        | 19,140        |
| Provision for super on long service leave | 2,047         | 1,818         |
| Provision for unclaimed monies            | 445           | 445           |
|   | <u>39,805</u> | <u>37,933</u> |

**Note 9: Other Liabilities**

Unexpended Property Agents Trust Distributions

|   |           |           |
|---|-----------|-----------|
| Opening balance                                   | -         | -         |
| Property Agents Trust Distributions received      | 705,786   | 501,726   |
| Property Agents Trust Distributions redistributed | (705,786) | (501,726) |
|   | <u>-</u>  | <u>-</u>  |

The accompanying notes form part of these financial statements.

**Property Agents Board**  
**ABN 93 793 560 726**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2015**

**2015**

**2014**

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**Note 10: Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

a) Provides services to related parties

The Board provides secretarial services to the Property Agents Trust. The fees received from each are separately disclosed on the face of the Income and Expenditure Statement.

b) Distributions made to related parties

The Board manages the distribution of Property Agents Trust funds to the Real Estate Institute of Tasmania for the provision of education and training as approved by the Minister and Board each financial year. Distributions are based on actual claims received as evidence of services provided.

**Note 11: Contingent Liabilities and Contingent Assets**

There are no contingent liabilities or contingent assets at reporting date to be disclosed.

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**Note 12: Capital and Leasing Commitments**

There are no capital commitments at reporting date to be disclosed.

**Note 13: Events After Balance Date**

There are no events after balance date affecting these financial statements to be disclosed.

**Note 14: Organisation Details**

The registered office of the Board is:

Property Agents Board  
Level 2, 172 Collins Street  
HOBART TAS 7000

**Independent Auditor's Report****To Members of the Tasmanian Parliament****Property Agents Board****Special Purpose Financial Report for the Year Ended 30 June 2015****Report on the Special Purpose Financial Report**

I have audited the accompanying special purpose financial report of the Property Agents Board (Board), which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Statement by the Members.

**Auditor's Opinion**

In my opinion the Board's financial report presents fairly, in all material respects, its financial position as at 30 June 2015 and its financial performance, cash flows and changes in equity for the year then ended and is in accordance with the *Property Agents and Land Transactions Act 2005*.

**Basis of Accounting and Restriction on Distribution**

Without modifying my opinion, I draw attention to Note 1 to the financial report, which describes the purpose of the financial report and the basis of preparation. The financial report is a special purpose financial report prepared for the purpose of fulfilling responsibilities under the *Property Agents and Land Transactions Act 2005*. As a result, the financial report may not be suitable for another purpose.

***The Responsibility of the Members for the Financial Report***

The Members are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1, which is a special purpose framework, is appropriate to meet the financial reporting provisions of the *Property Agents and Land Transactions Act 2005*. The Members' responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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## *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Members' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members, as well as evaluating the overall presentation of the financial report. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the Board.


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

## **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

## **Tasmanian Audit Office**



A.J. Knight  
**Manager Financial Audit**  
**Delegate of the Auditor-General**  
HOBART  
28 September 2015

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