

## FROM THE PRESIDENT'S DESK

It goes without saying after all the letters, heated meetings, conversations, submissions and lobbying to the Government, there is no doubt once Legislation passes, what we will be left with is a transparent, professional Auction system.

I think that professionalism is the key here! Coinciding with a change in the real estate market and new Legislation, it's time for the real estate 'industry' to evolve into a true 'profession'.

We have seen the level of client service skyrocket in the past 10 years. The days of signing a contract on the bonnet of a car, then throwing the purchaser a key at settlement and never speaking to them again are gone. Getting called in to do an appraisal and leaving your business card with a scribbled down price on the back are finished.

A good hour of an agent's time that provides a potential Vendor invaluable financial advice on their biggest asset,

leaves them with a professional bound market appraisal of their home, including an expected realisation range backed up by comprehensive market research of comparative sales and marketing plans deserves to have a fee paid for it!

Simply by making this a standard practice would stop the time wasting and using of agents by private sellers, marriage settlements and people just getting an idea with no intention to ever sell - ask a lawyer for a equivalent service or advice and see what you get charged. (no wonder even though they can, none of them sell - what were we all worried about?) But who are the smart ones here?

Simply making the profession harder to get into would be an excellent start and a big step in the right direction to becoming a profession. This could be done via the property degree at University.

Becoming a true profession benefits all involved. Consumers of our services

by **JARROD TAGNI MSAA**  
PRESIDENT



receive a much higher standard of service and would be working with 'career agents', not 'fly-by-nighters' who think they might 'try selling real estate'. The current system sees over 90% of these people leaving within three months, further tarnishing our image. Fair professional fees for service could be demanded and discounters would fall by the wayside.

There is no doubt the real estate industry is sometimes it's own worst enemy. If only differences and egos could be put to one side, the industry may one day become a true profession. That's assuming we all want to go in this direction? If you're happy with our current position - under politicians but just above used car salesman - no further action needs to be taken!



# THE Gavel & Glass

The Official Newsletter of the Society of Auctioneers & Appraisers (SA) Incorporated

OCTOBER 2004

## The Board of Management for 2005

Introducing the 2005 Society of Auctioneers & Appraisers S.A. Inc Board:

Phil Harris  
(Ray White, Colonel Light Gardens)  
Josh Biggs  
(LJ Hooker Stirling/ Blackwood)  
Phill Rogers  
(Century 21 The Bay)  
**Vice President**  
Peter Economou (LJ Hooker Unley)  
Richard Cooper (Elders) and  
Jarrod Tagni (Elders  
Aberfoyle/Flagstaff) **President.**



## Tax Office investigates GST implications on Real Estate Sales

Examples" a young man purchased a corner property, subdivided the land, bulldozed the house and built two new ones. He didn't register for GST and at no stage lived in the old or the new house, and he did not own another house as his principal residence. He subsequently sold both houses and did not collect or allow for GST. The ATO finally caught up with him and recovered GST on both transactions, as he should have been registered and paid GST. Even if he had lived in the house, it is expected that GST would be applicable anyway!

In a similar case where the house was not bulldozed and had not been substantially renovated (eg roof extension), it is envisaged that GST would be applicable on the sale of the land only and not the house.

The rule of thumb is that if a property is purchased by an investor for the purposes

by **GARRY TOPP MSAA**

of making a profit, even if you live in it, the subsequent profit is taxable and the sale of a newly created allotment will attract GST liability.

Margin Scheme: Ensure you have valuations in place for pre-GST purchased properties or properties that have had substantial improvements. Backdating of Valuations has been identified by the Tax Office as a cause for investigation of late, and note that for the margin scheme to operate, all parties must agree in writing or the Tax Office will deem the margin scheme to be not applicable to the sale and would assess GST on the full amount of the sale price.

It is imperative that the GST status of the Vendor (or the Vendor's liability to be registered for GST) is determined at the

time of signing of the Agency Agreement (as is currently allowed for in the 2004 edition of our computerised document system "AucDocs") and that all these contingencies are allowed for . . . another example, A Builder sells two house and land packages to different purchasers each for \$330,000. There was no mention of GST at the time of signing the contract. Purchaser 1 signed the contract for the purchase price with the clause plus GST payable by the purchaser if applicable, Purchaser 2 deleted the "by the purchaser" from the GST clause. In scenario 1, the purchaser had the GST liability but in scenario 2, The Vendor was liable. If you have any doubt about GST, ask your Vendor to get a private tax ruling from the ATO through his or her Tax Agent so there should be no confusion.

*By Garry Topp CEO after a personal interview with an ATO Inspector.*

## No Guts, No Glory, it's DOM

by **JONATHAN MOORE MSAA**

That about sums it up for Auctions in today's Real Estate market. Our friends in the MEDIA just can't do enough to discourage the practice of Auctioning Real Estate. Albeit intentional or not, they certainly have had a dramatic effect to the public perception of Auctions, and why not when you consider that by reducing the number of auctions they are reducing the number of quick sales and increasing ADVERTISING as properties are on the market longer, smart! I cannot remember an industry getting such a belting week in and week out. Days on Market (DOM) should be monitored and reported by the media and then we would see a true indication of where the market is at.

Agents today now have to work harder than ever, not only to list a property for auction but also working the buyers to achieve a positive result in a market that is far displaced from what we have seen for a long time. Certain parts of Melbourne, Sydney, Brisbane and other cities have had to come to terms with a fluctuating market but we in Adelaide have had it too good for too long. Now it's time to step up to the plate, roll up our sleeves and push the Auction barrow.

The new legislation can't come too soon in my opinion. The public need to know and, more importantly, agents need

to know what the new rules are. NSW have gone through it and they are now seeing an increase in Auction numbers and Auction success.

How do we measure Auction success?



Not only "under the hammer", it's the length of the agency Sold Prior/Sold At /or Sold After.

Ray White Glenelg over the last four years have enjoyed a healthy 94.7% success rate from an average of 100 Auctions per year selling in the length of the agency. It's hard work but it gets results.

How do we measure Private Treaty success? Oh, I forgot, we don't talk about that - we just let it slide and keep advertising and price reducing.

We as a Society have to go back to basics and support and promote the benefits of Auction. Trust needs to be installed into Auctions and I have no doubts that the new legislation will be most beneficial in implementing that TRUST.

It is extremely disappointing to see some agents and auctioneers who used to bang the Auction drum and use and abuse the system to benefit themselves, today, turning their back on the very profession that helped make them. Those Auctioneers and Auction Marketing Agents who are here for the long haul, congratulations, we just have to keep the faith, it will turn around.

We live in a democratic society; there is nothing wrong with "The Power of Competition".

Auction is the purest and most accountable form of marketing.

### Did You Know?

Australian Property Monitors latest statistics show that Auction properties sell on average within 25 days, whereas properties sold by other methods take an average of 50 days!

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# Aucdocs Workshop

40 Society members and staff attended the inaugural society two and a half hour Aucdocs Workshop at the HIA Training Complex at Hindmarsh.

This new plain English computerised documentation program incorporating recommendations from the Rau Report and other major advancements in technology put Society members at the leading edge of real estate in SA. The major issues discussed at the workshop were PDF conversion and emailing of forms, copy/paste and attachment of Annexures, database of Annexures and GST status being determined at point of agency.



All current or potential users of this dynamic product should attend this workshop. The next one will be held on Friday, 5th November 2004. Please register your interest now.



# Life After Golden Gavel Win No. 2

The 28th of May 2004 seems like a long time

by ROD ADCOCK MSAA

listing presentations. The invitation to do 'top end' charity auctions is a regular request. But most importantly I am satisfied that personally I am 'growing' as an Auctioneer and am ever mindful that my next auction will be better than my last. I keep saying that the Golden Gavel Competition is all about Professional Development. Looking ahead to the '2005 Australasian' in Queensland - I am determined to bring the title back to South Australia. I know I have the confidence and the ability to 'get it right' on the day. My preparation will begin after my stint as 2005 Golden Gavel Trustee. It's time again to put something back into the Society of Auctioneers and Appraisers, who has created many wonderful and exciting opportunities for South Australian Auctioneers.



announced the 2004 Messenger Newspapers~Adelaide Bank Golden Gavel winner at the Gala Dinner is as fresh in my mind as yesterday. I say 'relief', because the success of the joint 2003 win and a finals berth in the 2003 Australasian Senior Auctioneering Championships meant to me that the enormous 'downside' of not winning in 2004 was no longer an issue. One can only admire Brett Roenfeldt's '3 in a row' Golden Gavel win. An enormous achievement. There is no doubt that the accreditation and prestige associated with being the Golden Gavel winner flows on to create many opportunities. The Sales Partners at Toop & Toop often use the award as a 'point of difference' during

# Lindsay Warner Awarded Fellow of the Society

At the 22nd AGM of the Society held on Thursday, 9th September 2004 at the Adelaide Rowing Club, Past President Lindsay Warner was awarded as a Fellow of the Society. Lindsay had made an outstanding contribution to the Society and the profession as Board Member, Vice President and President and was instrumental in writing detailed submissions, attending meetings at Parliament House and driving the Society Board in all matters in relation to the proposed Real Estate Reform legislation.



Lindsay has over 16 years extensive experience in most areas of Real Estate, commencing his career in a rural office at Murray Bridge and moving to Adelaide in 1994. His current position is Corporate Auctioneer for Brock Real Estate and Account Manager for the South Australian Housing Trust.

### Previous Positions

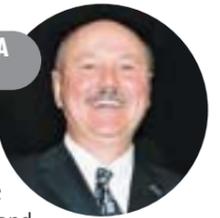
- Immediate Past President Society of Auctioneers and Appraisers
- 2 years as Vice President
- 4 years Board Member
- Involved in the training of Auctioneers in South Australia.
- Spokesperson for the organisation and responsible for submissions to government working parties in regard to the Auction Industry in South Australia and the Agents Professionally Indemnity Fund.
- Representative for the SAA to the REI's Auctioneering Board.
- Media Spokesperson when required
- 6 years Corporate Auctioneer Colliers International
- 14 years Freelance Auctioneer to Independent & Franchise Offices

### Awards

- 2004 Finalist Harcourts Australian Auctioneering Competition
- 2004 Finalist Golden Gavel Awards
- 2003 Judge Golden Gavel Awards
- 2002 Master Member Services to the Industry
- 2001 Top 5 Finalist Golden Gavel Awards
- 2002 Winner Commercial & Industrial
- 2002 Winner Western Zone
- 2001 Winner Western Zone
- 1996 Winner Northern Zone
- 1994 Winner Hills & Country

# Past President's Report

by PETER ECONOMOU MSAA  
PAST PRESIDENT



The challenges confronting the real estate industry, no less in our much-loved field of auctioneering, continue to mount.

Legislative changes, The Statutes Amendment (Real Estate Industry Reform) Bill 2004 may in some respects hinder our progress as real estate professionals, however it is my sincere belief that some of the proposed changes in the newly released draft legislation will improve public confidence and impact positively on the majority of practitioners who have demonstrated their resilience when confronted with similar challenges in the past.

Most importantly however, a united and cohesive response is needed by all stakeholders if we are to achieve positive changes and workable outcomes on the key issues contained in the document presented to us following the recommendations of the Working Party.

A detailed response to the proposed Legislation on a number of the key issues has been prepared and sent to all members of Parliament by the SAA following attendances at various forums and consultations with membership. It is worth remembering that the "Regulations" attached to these changes will also impact on the application of the new rules. Visit the Society's website [www.auctioneers.com.au](http://www.auctioneers.com.au) for further information on these important issues.

The Society has again enjoyed a very successful year, thanks to the total team

commitment of the Executive, CEO Garry Topp and the continuing support of its growing membership and loyal sponsors.

SAA has formed an alliance with the Housing Industry Association and expanded its development of training and education programs to meet the demands of the consumer-led industry. The recent launch of the comprehensively updated AucDocs computerised documentation system has been positively embraced by agents. We have released "The 21 Advantages of Using Auction as the Preferred Marketing Process" as a marketing initiative to be used in listing presentations and developed a brochure "Buying Property at Auction - How to Get the Edge" with strategic alliance partner, Adelaide Bank.

Thanks to *The Advertiser* we now have a regular monthly article in the "Auction Results" column, where good news auction stories are featured.

The Messenger Newspapers Adelaide Bank Golden Gavel Awards competition is now well and truly recognised as the benchmark auction even in Australasia and special thanks go to our joint Golden Gavel Trustees Paul Henry and Garry Topp, who once again did us proud with this important showcase event.

Recognition of Top Auction Marketers - Principals and Sales Consultants was introduced this year and will be an integral

part of the Awards from now on.

We acknowledge the professionalism and organisational skill of the Royal Society for the Blind and the generous ongoing support of our major sponsors: Adelaide Bank and Messenger Newspapers and key sponsors:

Adcorp, Bowden Printing, the Stock Journal and REI(SA), Livestock Markets, Malaysian Airlines, T&R Pastoral, The Advertiser, Corsers Solicitors and Lawsoft.

Our SAA Board Advisor Brett Roenfeldt has been a tower of strength in this most important role in formulating policy and guidance to myself and the Executive and we look forward to Brett's continuing involvement and invaluable input for the ensuing period.

We now look forward with a great deal of enthusiasm as the newly elected chairman, Jarrod Tagni, leads our team into another exciting era for the Society.

The Society has always been passionate in its approach and insistence on strict compliance principles to ensure the auction system is always promoted in a positive manner to the South Australian public.

As proud custodians of the art of auctioneering, we look forward to your continuing support of the Society, its programs and its ideals.



# Andrew Maros and Geoff Watts Awarded as Master Auctioneers



Andrew and Geoff celebrating their award with Jarrod Tagni

