

Real Estate Institute of Northern Territory Inc.

Annual Report & Accounts

Financial Year ending 31 December 2016



REINT

REAL ESTATE INSTITUTE
NORTHERN TERRITORY



Your Board & REINT Team

The Board Executive



President
Diane Davis
Elders Real Estate



Vice-President
Carol Need
Carol Need Real Estate



Treasurer
Phil Doyle
Sterling Management
Services

The Board Members



Matthew Knight
Knight Frank NT



Allison O'Neill
The Property Shop



Southern Delegate
Andrew Doyle
First National Framptons
Alice Springs



Andrew South
Complete Real Estate



Justin O'Brien
First National Framptons
Alice Springs



Sascha Smithett
Real Estate Central

The REINT

CHIEF EXECUTIVE OFFICER
Quentin Kilian

TRAINING MANAGER
George 'Jock' McLaughlin

**PROFESSIONAL DEVELOPMENT
MANAGER**
Michelle 'Mitch' Elton

STUDENT SERVICES MANAGER
Janine Brown

RECEPTION / EXECUTIVE PA
Christine Osborn

AUDITORS
Lowrys Accountants

BANKERS
Westpac Bank

SOLICITORS
HWL Ebsworth

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Retiring Board Member



The REINT Board & Chief Executive Officer acknowledge the many years of service to the Board provided by Julie Lewis of Prestige Body Corporate. After more than a decade on the Board, Julie retired from Board service in the latter part of 2016. We thank her for the time she has given to the REINT.

President's Report



It is with much pleasure that I submit my annual report to our Members.

This has been another challenging year for our industry and it's entirely possible that there are further challenges ahead of us in 2017. The REINT has continued to introduce new products, new systems and work to improve the environment in which our Members are required to operate.

This extends to our Professional Development program, our social events and even some of the things you don't always see but which affect your livelihood, such as lobbying of Government.

FIRST HOME OWNERS

Perhaps the biggest success for the REINT in 2016 was the introduction of the Government's First Home Buyer Stamp Duty concessions for people purchasing existing properties as their first home.

Our CEO and Board worked for over 15 months to get traction on this matter after the former Government removed all incentives from the existing home market. After some constant and targeted lobbying by the CEO, and a great deal of positive media coverage, both parties introduced election policies that included Stamp Duty reductions for first home buyers.

The result of this initiative has been very positive for our market, particularly in Alice Springs where the lack of new stock was severely hampering first home buyers. At last count over 350 first home buyers have taken advantage of the Stamp Duty concessions under the scheme. And what is more interesting is that the national media are lauding an announcement by the Victorian Government to introduce the same scheme as ours as innovative and forward thinking!

YPN

In March 2016 we sent our CEO to a National Association of Realtors CEO's Conference in America (something we plan to do every two years, costs permitting) where he came back armed with a wealth of knowledge, contacts and ideas. One of the ideas that we have implemented is the REINT Young Professionals Network (YPN).

It's taken a little while for this group to gain traction but they are moving ahead at full steam now with a very enthusiastic steering committee at the helm. The YPN is aimed at real estate professionals aged up to 35 years and seeks to produce activities that are a mix of fun and professional development. Their first event is a Star Wars themed Trivia Night on 4 May at the Hotel Darwin.

REINT AWARDS

The REINT Awards night, while a smaller event than in previous years, was still a very successful night and has produced some very strong entrants into the REIA National Awards entrants. The REINT has continued its innovation of the awards process and from the 2017 Awards will introduce an on-line environment for awards entries. This is part of the national push by the combined REI CEO's to collaborate and gain access to technology and services that smaller REI's such as ours would not normally be able to afford. Details of the new system will be sent to members early in 2017.

AGENTS LICENSING ACT

You may recall from my last report to the AGM that during 2015 I lobbied the NT Government to change the Act, in fact this has been an ongoing discussion point from the REINT for some years. We can inform the Members that the Government has engaged a consultant to commence work on changes to the Agents Licensing Act and we anticipate our engagement will commence sometime mid-year. Our plan is to hold a number of Member Forums to discover what you feel needs changing in the Act and from there present the changes we can accept to the Government for consideration.

THE REINT

As your President I would like to express my gratitude to our CEO, Quentin Kilian, who works tirelessly for our industry and as well as recognise his small hard working team. And as you would be aware by now we saw some changes to that team this year with the retirement of Jock, after some 10 years as Training Manager. But we are very pleased to welcome Mitch into that role and we have already seen a number of innovations introduced into our training regime.

To the Board Members - Vice President Carol Need, Treasurer Phil Doyle, Allison O'Neil, Sascha Smithett, Mathew Knight, Andrew South and our two southern delegates Andrew Doyle and Justin O'Brien, another year of achievements well done to you all and thank you for your support.

I would like to say a very special thank you Julie Lewis who retired from the Board this year after more than a decade of service to the REINT. Julie has been an invaluable member of the Board especially with her input on Body Corporate matters.

I look forward to taking us into, what I know will be another exciting year, but also – hopefully – a more prosperous one all round. And on behalf of all the REINT Team and Board, thank you for your support as Members.

DIANE DAVIS
President

CEO's Report



To borrow from (*and apologies for the adjustments*) Her Majesty, "2016 is not a year on which we shall look back with undiluted pleasure. It might best be suggested that it has turned out to be an 'Annus Horribilis.' I suspect that I am not alone in thinking it so."

While the early signs for 2017 are looking a lot more promising, with increases in sales volumes and a much larger number of First Home Buyers entering the market, 2016 has left its mark on the Territory real estate market.

The early part of the year saw sales volumes dip below those of 1990. We also saw a large number of Territory residents leave, many of whom were at the end of their INPEX contracts and there was nothing else to fill the gap. In fact some estimates put the outflow of population from Darwin at near ten percent of the overall population figure.

This had a flow on effect to the rental market with vacancy rates hitting near record levels at around 13 percent. With the rising stock came downward pressure on pricing and up to 40 percent was carved off rental prices over the year.

The higher stock of sales listings has also impacted on the median price which in Darwin alone fell over 8 percent, although it recovered a tiny bit in the latter part of the year.

Activity-wise, 2016 was very busy year for the team at the REINT. One of the biggest events was the hosting, by the REINT, of the Australasian Auctioneering Championships. The small team at the Institute and a number of volunteers from within the industry, including Morgan Shearer, David Ley and Matthew Knight, put together a show in Alice Springs that the auction fraternity across Australia and New Zealand are still talking about as the best Australasians they have ever attended.

In other activities, we upgraded the RELM with the help of the team at Global Property Analytics, introduced Sign On Screen facilities for Forms Live (and in 2017 we will be introducing DocuSign), put together another great REINT-realestate.com.au Awards Night and saw over 130 players take part in the annual REINT Corporate Golf Day.

While we had a busy year at the REINT, financially it was not a good year at all. An unfortunate by-product of a poor real estate market is the flow-on effect to our income.

We saw a massive drop in student numbers in 2016. While our members were not hiring new staff in 2016 it meant that we were also not getting students through to do training and our student enrollments were at about a quarter of what they normally would be. This resulted in a large loss of income.

We also took a sizeable hit to income on counter sales throughout the year. With the rental market stagnating it meant less people entering new leases or renewing leases and that meant a lot less sales across the counter.

While we managed to maintain costs and in most cases came in under budget on expenditure, the lack of income meant that we had to dip into reserves we've built up over the past few years to put into operational funds for the year, and the end result was a substantial loss for the year.

2017 is showing some promising signs for a more profitable year for the Institute with the first two months being over budget for student income and around 100 attendees at the March PD training.

The other big event for us in 2016 was the retirement of Jock McLaughlin, our long time Training Manager. After 10 years in the role Jock has decided to become a full time Grandpa and has moved with Kris to Albury Wadonga. However, we are very pleased that Mitch Elton has stepped straight into the role and is doing a fantastic job.

All in all, 2016 is a year to put behind us and move on, hopefully to a very fulfilling 2017.

QUENTIN KILIAN
Chief Executive Officer.

Southern Delegate's Report



The Alice Springs market remained slow for the majority of 2016, however following the Election and change of NT Government, and an improved First Home Buyers scheme, we have seen a slight increase in buyer activity and increased confidence in our economy.

Traditionally following a change of Government we see a spike in confidence, it is now up to the NT Government to follow through and contribute the growth and confidence of the local economy.

Overall transactions fell from 524 in 2013 and 525 in 2014 to 373 in 2015 and then 364 in 2016, however the December quarter did see 29% of the transactions occur and the early indications in 2017 are that sale numbers are increasing with First Home Buyers returning to the market and purchasing older stock.

Median house prices rose from \$467,500 to \$475,000 with 28 less houses selling and the decline in sales in the under \$400,000 range resulting in a rise in the median price, when the reality is, the capital value of most dwellings declined.

The unit market was hardest hit with the median price dropping from \$372,000 in December 2015 to \$333,500 to \$315,000 in 2016, however this was impacted by the sale of a number of one bedroom and studio units distorting the values. 2017 has seen an increase of 19 transactions, year on year.

The most pleasing sign in our real estate market was the significant decline in the vacancy rate which fell from a historical high of 11.40% in December 2015 to 5.5% in December 2016, however for the majority of the year the vacancy rate was below 5% and demand for all forms of rental stock was much stronger throughout 2016 which indicates an increase in the town's population.

The two major projects on the horizon for the last 2 years, being the 75 unit development on the "Old Bowling Green" and the Melanka Development, still have not yet commenced and both of these projects would provide much needed product for the First Home Buyers who have been limited to a short supply of refurbished 1 and 2 bedroom options, along with House and Land packages starting from \$500,000, which in most instances is outside of their financial capacity.

The longer we go without a start the less likely we are to see these projects come to fruition. There is a new 36 unit development currently being considered by DCA which may commence during 2017.

The commercial and industrial sector remain steady with little movement and landlords are continuing to offer generous incentives to secure good quality long term tenants. 2016 saw an increase in commercial leasing activity however the majority was just the relocation of existing businesses into different tenancies to take advantage of the incentives being offered by some landlords. There has not been the establishment of many new businesses.

Land sales have been solid with Stage 1 at Kilgariff starting to fill with a number of new homes being completed and sold. The South Edge sub-division is progressing with titles expected to issue mid 2017. With over the half the 34 blocks sold, this should create some activity in the building industry during the second half of 2017.

Across Kilgariff and South Edge there will be vacant land available at affordable levels however the market is still looking for 'top end' land and Mt Johns stage 2 should be on the NT Governments radar to release.

The change of Government and change in First Home Buyer incentives to assist with the purchase of existing stock was critical to jump-start the Alice Springs market. Early indications are that we are seeing increased buyer activity which should see prices start to rise again after a number of years of contraction in real terms.

We look forward to stronger and more positive market in 2017.

ANDREW DOYLE
Southern Delegate

Agents Licensing Board Report

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC. ANNUAL GENERAL MEETING MARCH 2017

REPORT FROM NORTHERN REGION INDUSTRY REPRESENTATIVE OF THE AGENTS LICENSING BOARD

1. Administration of Agents Licensing Act

The Department of Attorney-General and Justice is responsible for the administration of the Agents Licensing Act and Auctioneers Act. The Honourable Natasha Fyles is the Attorney-General and Minister for Justice. The Agents Licensing Board is responsible for considering applications for the grant of licences and registrations as an agent's representative and for the conduct of Inquiries into applications for disciplinary action against a licensed agent or agent's representative under the Act. The Board is assisted by the Registrar of Land, Business and Conveyancing Agents and staff of the Occupational Licensing Unit, Licensing NT.

2. Composition of Agents Licensing Board

The Board is a body corporate established under sections 6 & 7 of the Act and is comprised of the following members:

Name	Position	Date of Appointment	Expiry of Term
John Tsoukalis	Chairperson	27/07/14	23/07/2017
Tom Berkley	Alternate to Mr Tsoukalis	28/10/2009 30/06/2011 Re-appointed 24/07/2014	Period of JT's term
Katrina Martin	Departmental Representative	30/06/2016	At Minister's pleasure
Jeffery Stewart	Alternate to Ms Martin	13/02/2013 Reappointed 30/06/206	Period of KM's term
Lea Aitken	Consumer Representative	10/07/2013 Reappointed 14/07/2016	13/07/2019
Robert Kendrick	Alternate to Ms Aitken	14/07/2016	Period of LA's term
Jo-Anne Pulsford	Industry Representative (Southern Region)	20/07/2012 Reappointed 25/08/2015	24/08/2018
Carol Need	Alternate to Ms Pulsford	25/08/2015	Period of JP's term
Diane Davis	Industry Representative (Northern Region)	04/09/2006 Reappointed 04/09/2009 Reappointed 25/09/2012 Reappointed 03/03/2016	02/03/2019
Denise Meeking	Alternate to Ms Davis	04/09/2003 04/09/2006 - as alternate Reappointed 04/09/2009 Reappointed 25/09/2012 Reappointed 03/03/2016	Period of DD's term

3. Property Agents Licensing Group

The function of Property Agents Licensing is under the Occupational Licensing Unit, Licensing NT. The office is located at Level 3, NAB House, 71 Smith Street, Darwin.

- Ms Sally Ozolins holds the statutory appointment of Registrar of Land, Business and Conveyancing Agents.
- Ms Carolyn Parsell, Manager Licensing Occupational holds the statutory appointment of Deputy Registrar.
- Ms Loretta Orlando holds the position of Secretariat Officer.
- Mr Alex Fong holds the position of Licensing Support Officer.

4. The Agents Licensing Fidelity Guarantee Fund

The Agents Licensing Fidelity Guarantee Fund is a body corporate established under section 94 of the Act. The function of the Fund is to maintain and operate the moneys of the Fund comprised of contributions, levies, licence and registration fees, fines and interest paid to it.

The Fund consists of the Registrar, the Chairperson of the Board and a member appointed by the Minister who has expertise and experience in finance and investment. Alex Pollon has held the appointment since 24 July 2014. On 30 September 2016, the Fund purchased Units 1 and 2, 6 Lindsay Street, Darwin.

Details of Fund assets follow:

Assets	as at 28 February 2017	as at 28 February 2016	as at 28 February 2015
Colonial First State Wholesale Funds	\$20,689,738	\$20,431,299	\$21,785,064
WBC - Cash Management Account	\$464,198	\$1,291,614	\$1,215,861
WBC - Unclaimed Monies Account	\$189,142	\$182,433	\$130,246
NAB - Operating Account	\$681,740	-	-
NAB - Unclaimed Monies Account	-	-	-
Property - 1/6 Lindsay Street, Darwin	\$746,850	-	-
Property - 2/6 Lindsay Street, Darwin	\$553,150	-	-
Property - 3/6 Lindsay Street, Darwin	\$650,000	\$650,000	\$650,000
TOTAL	\$23,974,818	\$22,555,346	\$23,781,171

There were four claims against the Fund during the reporting period.

The 2016 audit of the Fund was conducted by Merit Partners. Fund revenue for the period was \$1,360,515 (2015: \$1,709,707). Section 50 interest revenue was \$709,795 (2015: \$880,325). The licensing and registration fees were \$487,066 (2015: \$436,003).

5. Section 93 Grant

- On 7 April 2016, a Funding Agreement was executed between the Agents Licensing Fidelity Guarantee Fund and AIC NT for continued funding for 2 years of the CPC program.
- On 6 March 2017, the Attorney-General and Minister for Justice determined \$26,400 inclusive of GST be paid to the REI NT from the Fund for the review and update of residential and commercial documentation provided the REINT to ensure compliance with new federal legislation relating to unfair contract terms and Australian Consumer Law. A Funding Agreement will be prepared by the Solicitor for the Northern Territory

6. Section 92 Grant

- On 9 March 2017, a Funding Agreement was executed between the Agents Licensing Board and REINT for continued funding for 2 years to conduct educational courses approved by the Board. The Agreement provides for base funding in 2017 of \$208,811.90 and base funding in 2018 of \$215,076.40.

The Agreement provides for reporting and acquittal requirements.

7. Tenancy Trust Account

On 29 July 2016, a payment of \$350,000 was made to the Tenancy Trust Account in accordance with the Ministerial Determination for the operation of the Commissioner of Residential Tenancies Office for the financial year 2016/2017.

On 8 December 2016, a payment of \$332,762.41 was made to the Tenancy Trust Account in accordance with the Ministerial Determination for provision of a tenant's advice service for the financial year 2016/2017.

8. Lease of Unit 3, 6 Lindsay Street

The current lease for Unit 3, 6 Lindsay Street expires on 31 March 2017. The REINT is on a periodical lease whilst the Fund considers a longer term tenancy arrangement.

9. Licences and Registrations

The total number of licences and registrations as at 14 March 2017:

Real Estate and Business Agents Licences	433
Registered Agent's Representatives	547
Conveyancing Agent Licences	51
Auctioneers Licences	107

10. Complaints and Applications for Disciplinary Action

The Board conducted 3 Disciplinary Inquiry during 2016.

- On 26 October 2016, Kenneth Jones trading as Litchfield Realty was found guilty of a breach of rules of conduct for agents, specifically section 65(1)(da) of the Act by failing to exercise due skill, care and diligence in dealing with the management of 195 Cox Peninsula Road, Berry Springs.

The Board determined to reprimand Litchfield Realty for its failings pursuant to section 69(1)(a) of the Act. Further in exercising its power under section 69(3) of the Act the Board also directed Litchfield Realty:

- ◇ to supply the Complainant with the information requested but not supplied; and
 - ◇ to deliver a full set of revised policies and procedures relating to property management to the Board within 3 months.
- On 25 November 2016, the Agents Licensing Board revoked the conveyancing agents licence of Brenda Kulatunga trading as MBA Conveyancing Services as there was reasonable ground to warrant revocation of the licence, pursuant to section 67(1)(m) of the Act.

During the year, the Board considered a number of Applications for Disciplinary Action some of which were rejected as the Board was satisfied that there were no grounds for holding, or there was insufficient evidence to hold, an inquiry.

The Board conducted 1 Inquiry into a registration during 2016:

- On 15 August 2016, an Inquiry was held into the entitlement to a registration for LaToya Howes being an undischarged bankrupt.

The Board determined that the applicant failed to satisfy the Board that it should exercise the discretion given to it by section 20(5) of the Act and refused to register the applicant under section 42(8)(b) of the Act.

11. Board Meetings

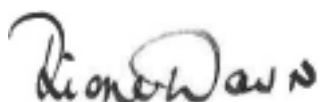
In 2016, the Board held meetings in March, June, September and December. The September meeting was held in Alice Springs.

Meeting dates for 2017 follow - 15 February, 22 May (Alice Springs), 14 August, and 27 November.

As a part of a standing arrangement, the REINT and AIC, NT Division are invited to attend the meeting to raise and discuss matters of mutual concern.

12. Board Policies

No policies were determined since the last report



DIANE DAVIS

Industry Member

Agents Licensing Board

Financial Statements FY-2016



REINT

REAL ESTATE INSTITUTE
NORTHERN TERRITORY



Treasurer's Report



Dear Members,
I have prepared a comprehensive report with the assistance of our CEO, Quentin Kilian, (*who did most of the work*).

The REINT overall made a book deficit of \$80,800 for the 2016 Financial Year (*the remainder of the deficit is attributable to staff entitlements and depreciation*

carried forward) however the explanation below sets out in detail why this loss occurred; how the loss was minimised and what steps the REINT is taking avoid a loss in the coming year.

2016 FINANCIAL REVIEW

INCOME

Income was down in total by \$98,700.

Education came in at \$91,000 under budget. Also it was anticipated that we would see a fall in Membership revenue, however it was larger than we had anticipated. Firm Membership dropped by \$10,900. Corporate Membership was up by \$7,700. Member Functions income was down by \$4,200, but equally costs (expenditure) on Member Functions managed to remain \$6,900 under budget giving us a surplus on functions of \$2,700. Overall REINT Membership income was down by \$7,300

Product sales were well under budgeted income, driven predominantly by the extremely poor market place and thus the lower demand for Residential Tenancy Agreements and Commercial documents sold across the counter. Sales to the Public was down by \$12,200. Sales to Members was down by \$2,700.

Workshops & Seminars income was down by \$15,900, however we managed to keep costs under budget by \$18,500 which gave us a surplus on Workshops of \$2,600. Sponsorship was down by \$9,000. Forms Live income moved up by \$3,500. Overall Product Sales was down by \$36,400. Our Awards activity was also diminished by the limited activity of our Members. Awards sponsorship was down by \$17,800. Awards ticket sales were down by \$37,900. However, costs were substantially reduced on the event and overall the event returned a surplus (profit) of \$12,100.

We also adjusted the P&L for the Auctioneers Awards in Alice Springs as we discovered some ticket income that had not been attributed to the correct code. The end result is that the Auction event made a surplus (profit) of \$1,735.

Interest received was down by \$1,900 and Other Income was down by \$5,600, however we feel the latter was over estimated in the original budget and has been shaved in the 2017 budget to be more realistic.

EXPENDITURE

We managed to reduce the losses by making some substantial savings in expenditure.

The key overruns were in Legal Fees, NT DataXchange start-up costs and Jock's retirement payout. Legal costs were \$21,000 over budget and this can be attributed to the drafting of NT DataXchange contractual documents and a Self-Regulation proposal, which is being considered by Government this year. We have a plan to recoup the DataXchange legal costs in the first few months of 2017 through the sale of data to Territory Housing, DHA and valuation firms. We have commenced the sale of data to Territory Housing and this revenue, of \$15,000 per annum, will come directly to the REINT. We are commencing negotiations with the other firms but they have shown a great interest in purchasing the data sets we have. Nationally we are collaborating with REINSW and other REI's to complete a data sales deal with Core Logic which we hope will result in upwards of \$30,000 per annum income.

Hosting Fees for the on-line site have jumped this past year with an increase in the service fees. For 2016 we were not in a position to move from the current provider and therefore had to either pay the increased fee or have the site voided, which would have cost us a lot more into the future when we wanted it activated. We have started talking with REINSW about co-hosting and operations of e-learning with them, which if suitable, will enable us to discontinue our current arrangement.

In Travel budget, Accommodation and Fuel/Expenses were up by \$5,000. This is largely due to the to greater level of travel for training activities with an increase of delivery in training to Alice Springs and Katherine, and Training Managers meetings. We had a period where we doubled up on travel costs for the Training Managers meetings as we transitioned from Jock to Mitch. However, we managed other travel costs including airfares coming in \$8,100 under budget which meant we were able to come in, overall, \$6400 below budget for travel.

Jock's departure had not been factored into the initial budgeting as he had not advised of his retirement when we prepared the budget. This caused an unplanned cost of \$20,900 to the bottom line. While that is the downside for our expenditure, the upside is that we have now substantially reduced our Long Service & Staff Provisions on our Balance Sheet going forward. Also we came in \$11,000 under budget on Professional Development as the Professional Development allocated to the CEO was not taken up in 2016. This meant overall our Employment costs were limited to \$7,900 over budget.

Further savings were made on the following items that came in under budget: Low Cost Assets : \$2,700 under budget. Telephone Contract – after renegotiating the contract we made a saving of \$1,000. Website maintenance was down by \$2,900 & CRM Design / Maintenance was down by \$1,900

In total we saved \$11,100 on Administration costs. Course expenses were reduced with our staff doing a reasonable amount of the teaching and assessing work this year. The result was a saving of \$7,000 for the year.

Premise Expenses were down in total by \$7,600 for the year. This was \$2,000 saved with the winding up of the Body Corporate, \$3,500 less in electricity costs and \$3,600 in rent savings. With the return of NSW to the REIA group it meant we could reduce our fees and we were \$1,100 under budget on REIA fees.

In total we managed to keep cost overruns to \$22,000.

2017 FINANCIAL FORECAST

I believe that using the 2016 Actuals as the starting position for this coming budget and then applying conservative increases to areas such as Education income, and retaining a strong hand on expenditure, that we can return to a surplus position in 2017.

We are working on some realistic additional income opportunities for this year in data sales, which could provide us with quite reasonable ongoing revenues. I will outline the key budget areas in the following commentary.

INCOME

Grants & Funding:

- Our Grant funding increases this year (through the application of agreed CPI increases) to \$189,289 (exclusive of GST), which is up \$482.00 from 2016.

- We anticipate receiving additional funding for the review of our Forms, however this will be a straight pass-through to the lawyers.
- The funding for the Professional Development Manager position increases in 2016 (to its normal position) as we do not have to absorb unspent funds, as we did the previous year.

Excluding 'Additional Funding', this amounts to an increase in Grant Funding of \$7,870 for the year.

Education:

We have applied a very conservative approach to the student numbers for the year, but even with this approach we feel we can increase our income. We are aiming for around an additional \$2,700 for the year. The early indications are good as we had 16 people enrolled for the first internal course in February (which doubles our budgeted number for January and met targets for February) and we have at least 6 other inquiries (to date) that we are responding to. We believe that we will see a fall in Diploma income this year. Last year saw quite an uptake from our Membership, but we do not feel we will have the same level of participation this year.

Therefore the overall prediction for Education income increases by \$6,000 over 2016.

Membership:

We have kept the Membership numbers quite similar to 2016, but have increased the income expected on Member Functions. Last year, due to all the ancillary activity with the Australasian Auctioneering Championships (which the REINT hosted) in particular, we did little in the way of Member Functions, which will be corrected this year. Overall we feel this can net us a further \$6,600 for the year.

Product Sales:

This has been increased to include the potential sales of data. Everything else remains in proximity to last year. Which means that if sales to the public increase back to something closer to previous levels, then it could increase the income in this area further than expected.

We have already secured data sales to NT Housing worth \$15,000 per annum, and are working on at least 3 other data sales deals, including one to DHA, which we anticipate will net around \$30,000 in total. Further we have a national negotiation, through the collective REI's for the sale of data to CoreLogic. The value of this is yet to be determined. Overall we have budgeted for an additional \$49,000 in product sales.

Industry Awards:

Given that we do not expect we will have such a rebound in the market this year that would allow us to move back to a large event for the Awards, we have prepared a budget that mimics last year's income. It should still produce a surplus of between \$10,000 & \$12,000 for the year.

Other Income:

This remains in line with 2016.

EXPENDITURE

Administration:

We believe we can further reduce our Admin costs this year and trim another \$9,600 off by eliminating cost items and services we no longer require. By not holding the annual Property Management conference this year, but instead focusing on selective speakers throughout the year, we will be able to reduce outgoings for venues and travel costs.

Orders Received

We have not had an indication of any substantial cost increases from our supplier for this year so I have maintained this at around the 2016 levels.

Course Expenses

We feel there are small savings to be made in this area, in particular in Lecturers Fees as our Training Manager will continue to provide much of the lecturing support throughout the year.

Premise Expenses

The key saving results from the Fidelity Fund purchasing the 3 buildings in Lindsay Street which has meant the disbanding of the Body Corporate. This, along with a reduction in R&M, given the impending replacement of the air-conditioning system and re-roofing of the buildings, will result in a saving of nearly \$5,000 per annum to us.

REIA

With the return of NSW to the REIA it has meant all other members have their annual dues reduced. This will result in a saving of \$1,500 to the REINT. We are hoping that this will decrease further this year as talks continue with REIQ about re-joining the REIA.

REINT Awards

We expect to maintain the costs around the same as 2016, which resulted in a surplus for us. As we do not have the major auction competition to host this year, the additional costs associated with that event will also allow us a greater deal of financial flexibility this year.

Travel

Now that we have made the changeover with the Training Manager it will mean that we no longer need to double up on travel in that area, as we did during the handover. While our travel came in under budget in 2016, we feel we can further reduce it by around \$5,000.

Staff Costs

Overall staff costs will remain around the same levels as 2016. We have not included an amount for the CEO to undertake Professional Development for a second year running. While this is a normal condition of the CEO's employment, the CEO proposed that given the current financial conditions of the past year, this item be held over until 2018 on the assumption that a stronger bottom line is achieved.

Overall

Provided we can meet our income targets and maintain costs through some innovative changes, such as replacing paper based class room activity with on-line and USB access, it is our intention to return a surplus in 2017 of somewhere in the vicinity of \$28,000.

In conclusion the REINT has had to work hard to deliver and maintain its services to its members. It has been a difficult year for many of our members who have had to tighten their belts, cut costs and lower their profit expectations, as the REINT has.

Unfortunately as much of the services that provide an income to the REINT, such as training and professional development, are directly linked to our Member's purchasing these services, when our Member's tighten their belts and cut back on expenditure it flows through to the REINT's income streams.

Given these difficulties I believe the REINT team, under our CEO, have managed a tough financial year well and maintained the losses in an acceptable range.

There has been no risk to our ability to operate as the loss was absorbed by a reasonable surplus that has been built up over the past few years.

Phil Doyle
Treasurer



SWJR Nominees Pty Ltd
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REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

ABN 15 717 052 155

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2016

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

COUNCIL'S DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2016

Your Council members submit the financial report of the Real Estate Institute of Northern Territory Inc (the Council) for the financial year ended 31 December 2016.

Council Members:

The names of Council members during the last financial year and at the date of this report were:

President	Diane Davis
Vice President	Carol Need
Treasurer	Phil Doyle
Southern Delegate	Andrew Doyle
Members	Matthew Knight
	Sascha Smithett
	Justin O'Brien
	Allison O'Neil
	Andrew South

Principal Activities:

The principal activities of the Council are:

1. To facilitate the business transactions and protect and conserve the business interests of real estate and business agents.
2. To secure mutual co-operation and effort in connection with business transactions as between members and also as between members and their principals.
3. To improve the technical and general knowledge of persons engaged in the said professions and with a view thereto to disseminate professional knowledge ; to hold or contribute to or co-operate in the holding of classes; to provide for the delivery of lectures and to secure efficiency on the part of those admitted as members; to teach and approve the Law applicable to the sale, leasing and management of all property, both real and personal; and to co-operate with colleges, institutes and universities for the purpose of lecturing and providing lectures in such subject matter; to conduct seminars and conferences for the purpose of further disseminating the aforesaid professional knowledge; and generally do all that is necessary to establish and improve the technical and general knowledge of those engaged in such property transactions.
4. To foster good relations between members of the Council, other agents and members of the general public to improve the standing of members within the community.
5. To provide for the internal working and management of the Council.
6. To test and settle or to assist members in testing and settling any question – legal or otherwise - which in the opinion of the Council is one of general interest to members; including the protection of members from claims and demands, which in the opinion of the Council are oppressive.
7. To provide for the maintenance of the honour, reputation and status of members.
8. To suspend, remove from membership, or discipline members of the Council in the manner provided for in the constitution.

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**COUNCIL'S DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)**

Principal Activities (Continued):

9. To use the funds of the Council exclusively for the carrying out of its objects.
10. To borrow, or raise, or secure the payment of money in such a manner as the Council thinks fit.
11. To do all such other things as are incidental or conducive to the attainment of its objects.
12. To provide rooms and other facilities for any purpose that the Council may from time to time determine.
13. It is the intention that each and all powers specified in the preceding sub-clauses shall not be limited or restricted by reference to or inference from the terms of any sub-clause or of the main objects as first mentioned.

Significant Changes:

No significant changes in the nature of these objectives occurred during the year.

Operating Result

The deficit of the Council for the year amounted to **\$90,765**; (2015: \$47,369).

Operating Report:

In our opinion: -

- (a) The accompanying financial report, being a special purpose financial report, is drawn up so as to present fairly the state of affairs of the Council as at 31 December 2016 and the results of the Council for the year then ended;
- (b) The accounts of the Council have been properly drawn up and are in accordance with the books of account of the Council; and
- (c) There are reasonable grounds to believe the Council will be able to pay its debts as and when they fall due.

This report has been signed in accordance with a resolution of the Council.



Dianne Davis
President
Date: 14 March 2017



Phil Doyle
Treasurer
Date: 14 March 2017



REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

SWJR Nominees Pty Ltd
ABN 49 078 887 171
Cnr Coonawarra & Hook Roads
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We have audited the accompanying financial report, being a special purpose financial report, of Real Estate Institute of Northern Territory Inc (the Council), which comprises the balance sheet as at 31 December 2016, the income and expenditure statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Councils declaration.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet requirements of the *Northern Territory of Australia Associations Act* and is appropriate to meet the needs of the members. The Council's responsibility also includes such internal control as the Council determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

The special purpose financial report has been prepared for distribution to the members for the purpose of fulfilling the Council's financial reporting requirements under the *Northern Territory of Australia Associations Act*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from 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 the 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 Council's preparation and fair presentation of the financial report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we followed applicable independence requirements of Australian professional ethical pronouncements.

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)**

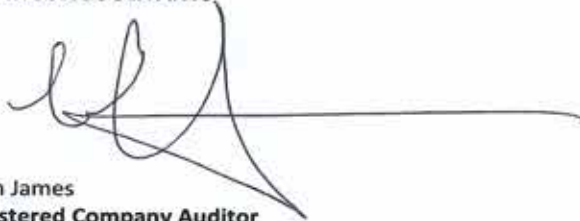
Audit Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Real Estate Institute of Northern Territory Inc as at 31 December 2016, and its financial performance for the year then ended in accordance with the accounting policies in Note 1 to financial statements, and the financial reporting requirements of the *Northern Territory of Australia Associations Act*.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report has been prepared to assist Real Estate Institute of Northern Territory Inc to meet the requirements of the *Northern Territory of Australia Associations Act*. As a result, the financial report may not be suitable for another purpose.

LOWRYS ACCOUNTANTS

A handwritten signature in black ink, appearing to be 'Colin James', written over a horizontal line.

Colin James
Registered Company Auditor

Dated: 14 March 2017

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
Income		
Grants and Funding	259,586	181,911
Education	219,321	324,050
Membership Income	163,114	166,045
Product Sales	105,678	139,733
Industry Awards	175,773	94,140
Interest Income	3,656	5,940
Other Income	6,919	12,575
Total income	934,047	924,394
Expenses		
Accounting and Bookkeeping	15,780	15,720
Advertising and Promotion	15,451	15,705
Audit	4,900	4,700
Bank Charges	5,284	5,938
Cleaning	4,827	4,939
Council Meetings	2,281	5,392
Depreciation	5,825	9,707
Donations	1,640	4,470
Equipment Expenses	45,044	42,251
Freight	67	298
General Office Expenses	4,799	3,750
Insurance	10,588	11,450
Fringe Benefit Tax	5,332	9,515
Legal Fees	31,455	28,157
Low Cost Assets	1,166	3,818
Motor Vehicle – Fuel	6,339	4,281
Postage	943	982
Security System Monitoring	1,010	836
Stationery Purchases	4,352	4,288
Subscriptions	19,233	11,054
Social Functions	41,227	59,965
Telephone / Internet / Fax	12,667	14,144
Web Design	12,634	13,027
Orders Received	4,802	6,488
Course Expenses	32,337	35,844
Premise Expenses	58,685	59,165
Real Estate Institute of Australia	14,522	15,350
Industry Awards	160,731	82,694
Travel Expenses	50,593	50,121
Employment Expenses	450,298	447,714
Total Expenditure	1,024,812	971,763
(Deficit) for the year	(90,765)	(47,369)

The income and expenditure statement is to be read in conjunction with the notes to the financial statements

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

BALANCE SHEET
31 DECEMBER 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash	2	264,179	359,242
Accounts Receivable		29,956	12,668
Inventory		5,411	4,038
Recon Shares		500	-
Total Current Assets		300,046	375,948
Non-Current Assets			
Property, Plant and Equipment	3	13,032	18,857
Total Non-Current Assets		13,032	18,857
Total Assets		313,078	394,805
Current Liabilities			
Accounts Payable	4	25,056	23,699
Employee Entitlements	5	72,664	65,639
FBT Provision		(3,999)	(3,279)
GST Liability		(1,818)	(11)
Unknown Membership Receipt		3,183	-
Total Current Liabilities		95,086	86,048
Non-Current Liabilities		-	-
Total Liabilities		91,391	86,048
Net Assets		217,992	308,757
Accumulated Funds			
Balance at beginning of the year		308,757	356,126
(Deficit) for the year		(90,765)	(47,369)
Balance at the end of the year		217,992	308,757

The balance sheet is to be read in conjunction with the notes to the financial statements.

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 – Statement of Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Northern Territory of Australia Associations Act*. The Council has determined that the Council is not a reporting entity.

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

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

a. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts or rebates.

Grant revenue is recognised in the income and expenditure statement when the Council obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Council and the amount of the grant can be measured reliably.

Product sale is recognised at the point of sale, when it is probable that the economic benefit will flow to the Council and revenue can be reliably measured.

Service fee is recognised when services are rendered.

Membership fee is recognised when it is received or when the right to receive payment is established.

Interest income is recognised when accrued.

Other revenue is recognised when it is received or when the right to receive payment is established

b. Taxation

The Council is considered to be exempt from income tax under Section 50 of the Income Tax Assessment Act 1997.

c. Cash

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

d. Accounts Receivables

Accounts receivables include amount due from members, trainees and well as amounts receivable from sponsors. Receivables are expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

REAL ESTATE INSTITUTE OF NORTHERN TERRITORY INC

**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

e. Property, Plant and Equipment

All items of property, plant and equipment, with a value greater than or equal to \$5,000 are considered to be capital items. These items of property, plant and equipment are recorded at cost less, where applicable any accumulated depreciation

Property, plant and equipment are depreciated on a straight line basis commencing from the time the asset is held ready for use.

At the end of reporting period, the Council reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have been impaired. If such indication exists, an impairment test is carried out on the assets by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expense statement.

f. Accounts Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Council during the reporting period that remain unpaid. The balance is recognised as current liability with the amounts normally paid within 30 days of recognition liability.

g. Employee Entitlements

Provision is made for the liability of employee entitlements arising from services rendered to balance date for those employees for whom the Council is responsible. These benefits include wages and salaries. Sick leave is non-vesting and has not been provided for. Employee entitlements have been measured at their nominal amount.



REINT

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