

reta

REAL ESTATE

TIPS + ADVICE



ANSWERS to all those nagging issues, queries, quandaries and questions about real estate, property investment, building and renovation you always wanted answered plus tips and advice from industry experts.

Roger Andrew & Ross Addison

With Industry Specialist John Caputo

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WELCOME TO 'RETA', WESTERN AUSTRALIA'S FIRST TRULY COMPREHENSIVE REAL ESTATE TIPS AND ADVICE HANDBOOK.

The bookshelves of Australia groan under the weight of books promising to reveal and deliver to eager entrepreneurs the secret of making millions of dollars in real estate ... if you just follow 'The Plan'! But the real secret is 'which plan'?

Well, there are all sorts of plans and strategies, which are often reinforced by full day seminars in the capital cities across Australia, full page adverts in the national press, eBooks, DVDs and all manner of helpful publications that, frankly make far more money for the writers, speakers and publishers than the reading and buying public.

When the RETA team (Roger and Barbara Andrew, Ross Addison and John Caputo) first met over coffee to talk about a book on real estate we had a very different publication in mind – one that would provide readers with real tips and advice and valuable information content that we believe could actually make a difference in the buying and selling decision making process.

We wanted a practical book ... one with enduring value that would stand the test of time. We wanted to inspire people interested in real estate and wealth creation via property investment, to be more informed, ask more educated questions and have access to a trusted network of excellent providers in their individual fields of endeavour.

Numerous lattes, flat whites and cappuccinos later (plus a few heated discussions about what should be included or who might be invited to join the Adventure, *Real Estate Tips & Advice* (RETA) was born, and right from the start we resolved to make life as difficult as possible for ourselves by putting some 'must have rules' and covenants in place to ensure the integrity

and quality of our end product. These were very simple, but set in stone for us to follow:

- Because we cared about the credibility of the end result, participation would be on an 'invitation only' basis with contacts based on word of mouth referrals and testimonials only, from trusted sources, which we would endorse through our own due diligence. We wanted the best ... and learned very quickly that the 'best' was not necessarily those who were high profile or those who advertised heavily. By maintaining our standards, and not dropping our guard, genuinely outstanding Western Australian companies have been attracted to the project, and have immensely strengthened RETA's image and credibility.
- Chapter content would be based on our own carefully researched interviews, with reference to websites and marketing materials used only to educate ourselves and find out how to ask better questions in our interviews. As a result, RETA is authentically original work, full of practical ideas, tips and advice, written in an easy to read and understandable conversational style, free from annoying industry jargon or legalese.
- By carefully monitoring membership of 'The RETA Team', we were able to attract a group of like-minded individuals and organisations to our book project, and discovered, at the same time, that we had the basis to form a very special network of trusted and trustworthy suppliers, all operating within the real estate, building, renovation and creative design fraternity.

From the initial germination of a shared idea in 2010, to the project's commencement in earnest in late March 2012 and its official launch in the second quarter of 2013, 'RETA' has taken on a life of *her* own and has now established *her* own identifiable personality in the marketplace.

It was always our intention that *RETA* should be far more than just a handbook full of valuable, interesting and relevant real estate tips and advice. What we now have is a network of like-minded individuals, based on the premise of 'Conscious Business Principles' – a thinking introduced in this book by Richard Boyd of Conscious Business Australia, that embraces the concept of improving and maximising the customer experience.

It is also a testament to the fact that if your vision is strong, and your purpose and commitment to building something 'brand new' from the ground up is resolute, then you can succeed and proudly turn an idea that has integrity and practical value into a concept that is embraced and accepted by the market.

As a 12 month project involving close to 50 different organisations, *RETA* was demanding, and even confronting at times – and all of us involved in the creative and production process, despite our previous experience and expertise, have been tested and challenged in numerous

ways for over a year. It is for this reason that you will find a piece on project management in these early pages, and an in depth article by Todd Hutchison of People Rich in Chapter Three.

Ultimately, though, the measure of success is in how the idea is received by its readers. We trust that you find 'RETA' to be a useful companion and a friendly 'guide' on your journey through all things real estate – and that, at some stage you will have the opportunity to talk to and work with members of the *RETA Family* who have made this publication possible.

While the book is in your hand, the journey continues and you will find fresh real estate ideas, inspiration, information and up-to-date articles on *RETA*'s dedicated website:

www.reta-project.com.au.

- **Roger Andrew** (Project Director),
- **Ross Addison** (Creative Director),
- **John Caputo** (Director and Industry Advisor to the project) and
- **Barbara Andrew** (Research and Quality Control).

Perth, 2013

“We trust that you find ‘RETA’ to be a useful companion and a friendly ‘guide’ on your journey through all things real estate...”

RETA and Conscious Business



OVERVIEW

In 2013, customer expectations are changing, and as consumers we are looking for transparent honesty, more value, a better experience when we purchase a product or service. We look also for the opportunity to build long term relationships with suppliers based on trust and mutual respect.

All too often, the customer experience falls well short of what we expect – and a cynical reaction results. This experience is typical of inadequate customer service commonly experienced under the outdated 'old industrial' business model. On the other side of that coin, when we do encounter excellence and enjoy a customer experience that delights us, or is closely aligned with our expectations and values, we react positively to an innovative experience by offering loyalty and willingly providing referrals and testimonials.

As a result, businesses are currently living through a transition from old industrial information economies into an Innovation/User experience new economy. If businesses fail to adapt their mindsets and operations towards the new way of being and doing they will decline and may even fail over time.

ABOUT RETA

RETA started life as a *Real Estate Tips & Advice* book to educate the real estate/building and construction marketplace. Its aim is, and always has been, to provide valuable information for consumers across a vast range of industry groups.

The leadership team generally felt that we were embarking on more than just a book – and that ultimately, the ramifications of the book would extend far beyond the real estate, building and related industries. We felt that we were part of a movement and had the opportunity to reinforce new and more positive attitudes to the overall business experience.

As the project evolved and organisations of a high calibre felt motivated, encouraged and drawn to join the membership group, the project team realised that we were inexorably building a group of like-minded organisations – a Community - led by close to 50 business owners and stakeholders who were aligned to a similar purpose and a series of commonly identified goals.

Time after time, as *RETA* members talked about their businesses, and their hopes and expectations, it was clear that they placed customer service and a high quality 'customer experience' right at the top of their list of cultural values. It became equally obvious that

the *RETA* members were following a road less travelled ... one whose values were leading them to industry and ethical leadership in their respective fields.

VALUES IN THE RETA GROUP

As a result of starting to work with the members of the *RETA* Community, and identifying their core strengths and special qualities in the marketplace, we formulated ten *RETA* common purpose values:

- Honesty
- A Quest for Excellence
- Passion and Fun
- Customer Focus on "Wow" Experiences
- Citizenship and Community Service
- Environmental Sustainability and Safe Design
- Creating Maximum Value for All Members and Stakeholders
- Respect
- Innovation
- Integrity

RETA is being established to create a business and social community based around the new economy values, propositions and business user experience philosophies. In this ground

breaking venture, which has no peer or precedence in Australia, the RETA members are heralding a journey from old economy to new economy thinking, being and doing.

THE RETA VISION

RETA is more than just another industry networking body. It represents a profound shift in the way in which the real estate and construction related industries will be known in the future. RETA aims to overturn the poor reputation, perceptions and user experiences that consumers typically and often have across these industries. As RETA matures and evolves its brand, RETA will become a powerful lobby group and the media 'go to' body, which will provide the RETA brand with further credibility and a chance to shape policy, laws and standards for better societal outcomes.

RETA will leave a positive legacy within its industries and with consumers. In the future consumers will have a "RETA experience" that is positive, value driven and compelling. Competitors will not be able to imitate this experience and the public will naturally vote with their feet ... and their wallets.

THE BUILDING EXPERIENCE

Buying or constructing a home, or undertaking a major renovation of an existing residence can be a significant emotional event in the lives of those who embark on such a project. At some stage most of us will take this journey, and experience shows that some of us will be angry and disappointed by the experience, whilst others will have their expectations and hopes exceeded. The real estate and construction industries that fall under the umbrella of RETA have historically been those which have struggled with an overall reputation of having within its ranks some suppliers and businesses who offer poor service and quality.

The problems that consumers experience with these industries is mirrored across other sectors of the economy, but in different ways and at different times. In the last ten years there has been a growing call for some form of reform and a new way of thinking, of being and of doing in business. Consumers are looking for a new "experience" built on great customer service and old fashioned values.

THE CALL FOR CHANGE

The Conscious Business philosophy represents a powerful response to this consumer demand and a model for change within business. This philosophy has been built around the proposition that the current business models which treat customers with indifference, and which act without clear values, or a social justice framework, face decline and possible failure over time.

The Conscious Business philosophy is now being used to drive industry reform in business sectors which have often had a bad name and typically may have acted under profit only motives as the main reason for being in business. Such businesses are now under pressure to undertake genuine reform as the power of the consumer increases and the expectations of the society in which businesses participate are increasing and calling for change.

The future of the business economy now lies with the concept of the "total customer experience".

In the near future, consumers will expect excellent experiences and they will demand that key values are lived and genuinely demonstrated by the businesses they interact with. Their expectations will be significantly higher than those commonly experienced in old existing business models.

Society is now at a point where consumers want to engage with ethical businesses who demonstrate a meaning and purpose that includes such values as community contribution, social justice, environmental sustainability and an ethic of delighting their customers. The real estate and construction-related industries will not be able to resist this change sweeping society as consumers will seek out those who adapt and change in response to consumer needs.

RETA represents a historical first as a Conscious Business hub or Community. It is both a brand and a collaboration space for the journey and process of embarking on the reform of the real estate and construction industries. The members whose chapters appear in this book represent businesses which exhibit, and are practicing, a key set of

values which are already experienced by their customers.

RETA embodies the maxims of the total customer experience of ethical conduct, value driven behaviours, practices, transparency, accountability and participation in social responsibility issues as part of the reason for being in business.

There is a groundswell both within the real estate and construction related sectors by disillusioned practitioners, as well as within all sections of the community for industry change. RETA taps into this discontent and draws together those practitioners who yearn for change but find themselves uncertain or powerless about how to overturn the old ways of being and doing.

This group is being guided by Conscious Business Australia towards creating a new total customer experience that will strongly differentiate itself from that of existing competitor practices. The idea is that future consumers will vote with their feet and success will follow from this simple contrast in the way the consumer is engaged and treated.

In the future consumers will have a "RETA experience" that is positive, value driven, and compelling via the member businesses.

Competitors will not be able to easily imitate this experience. As a Community of like-minded businesses, we want to "wow" our customers and delight them with service and products that far exceed their expectations.

At the heart of Conscious Business and RETA is the recognition of the social responsibility or social contract that each member business has with the communities and environments in which they operate. This social contract establishes the responsibility that a business has to be in service to its community stakeholders whether they be its staff, the customers, the suppliers and the citizens of the communities in which it does business.

Our members recognise that they have both a business and a moral purpose and as such are part of the social fabric of the community in which they live and operate. There is a common good purpose "win-win" motive.

One of the reasons we call this part of the Conscious Business is that this customer experience chain has always existed in business. It has just been largely ignored and remained unconscious in the mind of business owners as a key to business success. We make it conscious and front and centre of this business model – hence the term "Conscious Business".

Increasingly we see consumers in their shopping choosing to identify with and buy from businesses who stand for some important cause or who embody and live important values. If you run a business in the emerging new economy without a set of ethical values that permeate every part of the business, then consumers may switch off and take their business elsewhere. Consumers have never before been so self aware and switched on.

The journey that we will collectively take towards the Conscious Business Community is one that consumers will increasingly respond to and respect. The new way of thinking is already underway, and the RETA Community (or the RETA Adventure!) is very much of that pioneering spirit.

As a leader in the field, Conscious Business Australia is proud to be recognised as co-origins of the RETA concept, and we are equally proud to mentor the group as we move forward. Conscious Business Australia possesses the methodology, processes, skills, experience and resources to guide RETA on this Conscious Business journey.

Richard Boyd

CEO Conscious Business Australia and RETA Director

Techniques for handling project management frustration



WHEN IT PAYS TO HAVE THE CIA ON YOUR SIDE

The *CIA Principle* is a frustration management technique developed by Todd Hutchison from People Rich. It stands for: Control, Influence and Acceptance, and is a simple tool used to deal with frustration and to help understand how to better focus one's energies more constructively in coping with challenges. It may be applied to dealing with real estate planning, sales, project management, and construction challenges. Basically when you feel frustration you are probably using the wrong response in dealing with the challenge:

Control You can only control things that affect you, such as your appearance, behaviour, professionalism, and manner and your responses to challenges as they arise.

Influence When other people are involved, you can only influence them. In these cases, simply focus on the best and most effective ways to communicate and influence the people around you.

Acceptance In some situations we need to accept constraints for us to be able to move on. We don't have to forget, but we do have to recognise when things may be holding us back. Life is like a book, we have to turn the pages to get to the end. Acceptance is not about giving up, rather it's about accepting a state or condition and then using creative thinking to look for alternate solutions.

Consider the real estate owner wanting to sell their property when the market plummets and the price has significantly been reduced. The market is a factor that is not in the control of the seller and needs to be accepted. Whilst they can control the marketing strategy, they have no control over the prospective buyer.

There is no benefit in the real estate agent being frustrated by the market shift, or the limitations of the advertising set by the owner, and they are best served by focusing their efforts in influencing prospective buyers.

Focusing on the frustration of the market forces or the owner's advertising approvals serves no one, yet switching our focus to

the channel that is best served by our efforts allows us to use our energy wisely and get results faster.

MORE DETAIL

In life, some things we can only Control, such as our behaviour and actions; there are some things we can only Influence, such as the actions of other people who are needed to help us achieve our goals; and lastly, some things we have to Accept and find workarounds. An example of acceptance is where we are unable to do something due to there being a law in place to prevent it.

The CIA Principle helps you to identify as quickly as possible what you need to focus on to minimise any frustration in your life.

Control is required as part of our self-leadership, and taking responsibility and accountability for our own thoughts and actions. This includes the preparation we take for real estate deals, the manner in which we present ourselves and how we manage our mental state.

Influence is required when others are involved, as we cannot control others' actions. There are situations where we might be in the right place, at the right time, and with the right people for the fulfilment of our goals, but this may not be enough on its own. This means that there are things you might have to do to better influence an opportunity.

When your goals only impact and involve you and your actions, you can have total control. When they involve other people, you can only influence them and not force them against their will. This is why you should respect everyone, as every single person on this earth can teach you something different. Be careful not to judge a book by its cover, as the wise come in many varieties and many guises.

Acceptance is required when forces cannot be changed, which are often obstacles to your success. Now the difference between achievers and non-achievers is their response to obstacles or things they have to accept.

Achievers see obstacles and immediately look for innovative ways to get around them, whereas non-achievers often take a victim stance or get the "it's too hard" mentality and often go through life wondering why they do not succeed.

The trick is to recognise early when you are heading into a frustration state, and look at the three CIA options to determine which path relates to the best use of your energy to resolve the frustration and move faster toward success.

Todd Hutchison.
People Rich

“The trick is to recognise early when you are heading into a frustration state, and look at the three CIA options...”

1 | Buying & selling an existing property



CHOOSING A GREAT AGENT

What a great place to start on your journey with *RETA* as we help you discover the pitfalls and perks of property and real estate.

This is obviously a topic that is close to our hearts and perhaps the most important first step in finding out all you can about buying or selling your home. If you approach this correctly you are about to enter into a new partnership that should, and can be, a beneficial and profitable process for all concerned.

For whatever reason, you have made the decision to buy or sell. You may want to upgrade, downsize, buy your first home or take the plunge into property investment as a means of wealth creation. It can be a stressful process, if you do not have someone beside you to guide and advise you on the best way forward.

Here is our first and most important tip; view your real estate agent as an ally not an adversary! Select the right agent and you will be aligning yourself with someone who will negotiate the best deal available, and they will also steer you clear of the minefield of mistakes buyers or sellers going it alone will usually encounter.

Next, if you are thinking about selling, obtain at least three appraisals on your property from three reputable 'local' agents. I stress the word 'local' because every suburb has its niche and if a local agent is on the ball, he knows your suburb intimately and can compare your property to similar sites to yours sold recently in the area.

Here is a clarification between what the difference is between a 'valuation' and an 'appraisal'. If you receive a 'written' appraisal from an agent where the price is justified and based on local knowledge and experience, it carries as much weight as a paid valuation.



SO, HOW DO YOU ASSESS WHETHER AN AGENT IS REPUTABLE OR NOT?

Our recommendation would be to base it on the following criteria:

- A good communicator who is upfront in disclosing all fees and charges associated with selling your property.
- By the number of current listings on the market and the number of properties sold over the course of a year
- How many years he or she has been in operation (i.e. knowledge, experience and reputation)
- Their understanding and appreciation of different selling methods from auction to private treaty
- The size and calibre of the agency's sales and support team
- A go getter, an agent who thinks outside the square and is willing to implement different marketing strategies in order to sell your property
- An agent who is prepared to conjunct with other agents to improve the possibility of a sale
- An online presence is essential in today's market, therefore agents should use reiwa.com.au, realestate.com.au and/or domain.com.au as a marketing tool
- The agency should be CPD compliant (Compulsory Professional Development)

Fees are also obviously another important area. The Real Estate Institute of Western Australia (REIWA) offers a set of guidelines on the level of fees paid to an agent for their services, and while there is no limit on the maximum fee agents can charge, the rule of thumb in Western Australia is from 3% to 5%, depending on the value of the home (e.g. 5% fee on \$100,000 to 3% on \$1,000,000).

However this should only be used as a guide. You should talk to a few agents and compare their services and fees before making a decision.

Always be wary of an agent whose commission fee is well below average or if they are all too eager to lower their fees to gain your listing because it is most likely that the level of service and negotiating skills will also be well below average!

Hard working reputable agents really do earn their fees. In return for their commission they must, under West Australian law:

- Fulfil all elements of your written contract. A legally binding contract is essential and REIWA has a standard contract upon which most agents base their contracts.
- Agents should always act in good faith and in the owner's best interest. All information collected and used during the selling process must be kept confidential
- No matter how ridiculous they may seem, all written offers should be presented to vendors. All sales must start somewhere and you are paying your agent to be a good negotiator, so every offer is worth considering, even as a starting point

WHICH LEADS TO THE ONE CONTENTIOUS ISSUE THAT ALWAYS SEEMS TO POLARISE DISCUSSIONS BETWEEN THE AGENT AND THE SELLER – AT WHAT PRICE SHOULD YOUR PROPERTY GO TO MARKET?

This is where local market knowledge and experience comes to the forefront. Getting the sale price right is the most important element of marketing your property. The first step will often be to compare the recent sale price of similar properties in the area, however this is just the first step that a qualified and licensed

1 | Buying & selling an existing property

agent usually takes. They will be able to offer you an honest appraisal of the condition, location, size and presentation of your property compared to those homes that have recently sold in your area.

So what is in this first chapter of *RETA*? Hopefully, everything you need to know about buying and selling an existing property – ideas on styling and presenting your home for sale, auctioning as an option, carrying out the necessary building and pest inspections prior to purchase, negotiating and obtaining the right loan through a broker to purchase a property and handling the sale process using the services of a qualified conveyancer.

We hope you find the information, tips and advice, from our handpicked team of industry experts, in this and subsequent chapters, of value and assistance as you enter into the exciting world of property and real estate.



TIPS FOR SELLERS:

- Treat your agent as an ally not an adversary. A sale, at the right price, is a 'win, win' situation for you both.
- Consider your first offer carefully; it is more often than not the best offer.
- Be realistic in setting the sale price and trust in your agent's judgement and knowledge. Also, know in your mind what is the lowest price you are prepared to accept.
- Negotiation is what the process is all about. Do not be insulted if your agent brings a ridiculously low offer to you, at least it is an offer and a starting point for your agent to start the negotiation process.
- Do not try to do it yourself or take the 'cheap option'. Leave it to a trained negotiator, it is what they are paid to do and the best ones are the most successful!



TIPS FOR BUYERS:

- Do your homework. Research the area where you want to buy. Sites like realestate.com.au are ideal places to start. Attend as many home opens as you can.
- Visit all the agents in your area, even if it is to just look in the window. Talk to the agents, they are as keen to sell as you are to buy. If you let them know what you are looking for they might also have something similar coming up or available in the area.
- Ensure that any property you consider is unencumbered. Agents and conveyancers are now super diligent regarding proof of ownership in light of recent fraudulent activity. Beware a deal that sounds too good to be true or involves someone acting on behalf of a seller, especially if they are said to be 'living overseas'.
- Take notes and take in the home's surroundings. What is next door? Do you like the location? Rate each home on a scale of 1 to 10 after each inspection. Check whether the current zoning allows for subdivision.
- Once you have made a decision revisit the home of your choice and try to be objective. Take a friend or family member along and ask for their candid opinion.
- Then ask the selling agent if there are any defects, covenants you should know about. By law the agent is bound to disclose this information to you
- Use the services of a mortgage broker to obtain the best home loan deal possible.
- When buying a strata title property make sure you sight all or any changes to the bylaws. This will always be noted on the strata plan.
- Make sure you always compare 'apples with apples' when considering different properties, take into account similar sized blocks, internal living areas, age and suburb, and remember that every suburb has its own median price.

John Caputo

“...our first and most important tip; view your real estate agent as an ally not an adversary!”

Real Estate Agent Training



EXCELLENT TRAINING MAKES THE DIFFERENCE LIVE PM

George Bernard Shaw in his famous play *Man and Superman*, came up with the immortal line “Remember: those who can, do; those who can’t, teach.” While that may be true in the case of some teachers, it is definitely not the case with Jenny Denness and Linda Trpchev who head up the real estate training organisation Live PM. While they are committed educators, Jenny and Linda remain very active real estate agents, initiating calls, making sales, motivating staff, providing service and demonstrating by their example. In fact, keeping the finger on the pulse in the real estate field and providing appropriate, case study-based training is what sets Live PM apart from the rest.

CAN YOU DESCRIBE BRIEFLY WHAT ROLE LIVE PM FULFILLS?

“We are a registered training organisation which was developed to deliver relevant training to the real estate industry. All real estate agents have to acquire 10 points of compulsory professional development training every year - which equates to three hours of compulsory and seven hours of elective training.

“We are accredited under the Training Accreditation Council and our license is specific to the real estate industry for agents as well as property managers. The scope is called the CPP07 training package which is where you will find all the real estate qualifications to obtain a CERT IV Diploma.”

WHAT IS THE DIFFERENCE BETWEEN MANDATORY AND ELECTIVE TRAINING?

The mandatory three hour/ three point course is developed each year by the Department of Commerce. They choose the topics that they believe the industry needs to learn about, and we deliver that compulsory session. The balance of the seven required hours is elective, and agents and property managers can choose to do whatever training that interests them – providing it has been approved by the Department of Commerce.”

WHO MONITORS WHETHER AN AGENT HAS DONE THE TRAINING OR NOT?

“Once a real estate comes here for their training, we submit the student’s name to the Department of Commerce and they maintain a record of the points they have accrued. It does not become an issue for the agent until they

need to renew their license which happens every three years. The Commissioner may refuse to renew their registration if they have not completed their educational requirements under the Act, so from time to time we see agents who need to put in 20 to 30 hours of training in a hurry to maintain their registration.

“Incidentally, agents are not allowed to carry forward any extra points they may have gained from one year to the next. The Department wants agents and property managers to have relevant, up-to-date training – for example combating the latest scams - so it needs to be an annual commitment to professional development.”

WHO PAYS FOR THE COURSES?

“The three mandatory hours are paid for by the Government, and students pay for the seven hours of elective training. If you are a sales representative, you can choose to educate yourself on commercial real estate or property management. The elective options are very flexible.”

WHAT SORT OF TOPICS DO YOU COVER FOR THE ELECTIVE TRAINING?

“Our training covers changes to the Australian Consumer Law, such as cold calling, cooling off periods, writing special ‘subject to’ conditions on contracts so that they are effective. Our training is hands on because we are both licensed agents in the industry, so we share our experiences with case study examples to liven things up. We also fit the legislation component in every time, so instead of just giving a case study we apply it to our

legislation and this makes the subject a lot more interesting and easier to understand.

“We deliver training in our own facilities, and some of the larger real estate agencies also employ us to come out to their own training rooms - especially for the mandatory hours. There is a wide spectrum in commitment to training with some real estate agencies not bothering to follow up with their staff, and the more proactive ones requesting specific courses and inviting us to their premises to train staff. The students come and undertake the relevant training. However, what happens after they leave here, or any training organisation, will depend on the employer they choose. Each organisation is different in how they perceive the benefits of ongoing training and mentoring. If a licensee comes to us and says ‘These are the kinds of issues I am seeing in my agency; we would like you to develop an appropriate training session and deliver it to our staff’, that is exactly what we do, and we will travel far and wide to do that.

“Our strongest point is that we are both in the industry, and we do not approach any of our training as if it is some kind of theoretical exercise. We are constantly tapping into feedback from our peers and we develop new material based on an ever changing market.”

FROM THE PERSPECTIVE OF THE PERSON BUYING OR SELLING A PROPERTY, HOW IMPORTANT IS IT THAT AGENTS ARE WELL TRAINED?

“It is extremely important, especially in light of the recent fraud with the sale of properties. If I was selling my home today, I would want to be sure that the agent is committed to their compulsory professional development training, and it is probably a great marketing tool for agencies to say that they take training seriously and are up to date with legislation.

“For example, real estate agents and property managers need to know that smoke alarms are mandatory by law, must be placed appropriately in the property and are required to be replaced every 10 years. Excellent training means better risk management for the agency, more protection for their brand and a reduced likelihood of claims against them. From a sales perspective, the better trained the agents are the more chance they have

of representing the buyer’s or seller’s best interests.”

PROPERTY MANAGEMENT IS ANOTHER TOPIC THAT INTERESTS INVESTORS AS WELL AS TENANTS. I UNDERSTAND THAT THE ‘PM’ IN YOUR BUSINESS NAME ACTUALLY STANDS FOR ‘PROPERTY MANAGEMENT, SO IT MUST BE CLOSE TO YOUR HEART?

“It is! We have a seven hour specialist property manager elective where we cover topics such as comparative market analysis, dealing with rude and difficult people, effective time management and so on. We have a new course called the ‘Court Whisperer’ which provides tips and advice for property managers when they have to give evidence in court, covering court procedures, court etiquette, how to address the magistrate and where you stand in the court. A lot of new property managers would not have a clue about these things.

“We also provide training on legislation including 2013 The Residential Tenancy Act. This includes covering the capping of option fees, bonds needing to be sent to the Administrator, routine inspections to be reduced to four per annum and notice required for the end of fixed term tenancies etc.

“There is another very important aspect of property management that is generally not covered – and it is critically important in any agency’s risk management plan. New property managers are trained, given a desk, a file of properties ... and yet have no idea how to balance a trust account.

It is just not covered in the mandatory material, and we make a point of delivering training in this area because there is a massive need.

“When employing staff, many licensees do not ask for police clearances and often they do not understand or know how to supervise their own trust account. That is where fraud and agency losses can occur – and it is avoidable with the thorough and appropriate training that we provide.”

TAKING STYLE TO ANOTHER DIMENSION GUEST GROUP

Guest Group is a long established 3rd generation family business whose beginnings in furniture retailing began in the 1930s. At one time, in the 1980s, Guest Group had over 80 retail stores across Australia, before selling them to concentrate on the core business which underpins the company today.

With its headquarters in Melbourne, and family members including Alan, Bill and Janne Guest actively involved in the day to day operation of the company, Guest Group has forged an enviable reputation as Australia’s leading home styling specialist.

Excelling in the highly competitive West Australian marketplace requires more than just substantial presence on the ground, sound management skills, technical expertise and entrepreneurial flair. The team at Guest Group are highly motivated and artistically talented interior presentation and design specialists. They pride themselves on awesome service, understanding and appreciating the specific requirements of each individual client and offering a massive product range within their Osborne Park facility.

WHAT EXACTLY DOES PROPERTY STYLING INVOLVE?

“The main purpose is to create a favourable first impression by introducing carefully selected furniture in order to market the home and sell the overall attractiveness of the property. The other main aim is to show the house at its very best, and deflect the eye from flaws and minor defects. People buy emotionally, and they buy the idea of a lifestyle – that is what they tend to fall in love with. They walk into a home, are ‘wowed’ by the overall effect that we are able to create and they can see themselves enjoying that lifestyle. That is why people quite often want to buy not only the house ... but the furniture which we have chosen to style it with!”

WHAT ARE THE REASONS THAT SOMEONE COMES TO YOU TO STYLE THEIR HOME?

“Well chosen, quality furniture and decorative elements such as rugs, lamps, beds with attractive linens and art work provide warmth within a home. Empty houses echo and look cold and soulless. Without furniture, the flaws are more apparent, and you notice all the cosmetic imperfections. A well styled property turns a house into a home, and people buy into that.

“We are also able to fill awkward spaces, and show how relatively small rooms can be opened up and made useable. It is all about creating perceptions, and making the very

best of the space we are working with. For example, some three bedroom homes are quite small, but we need to demonstrate to the buying public how double beds in secondary bedrooms create perspective in these rooms which may look small if left empty.”

DO YOU STYLE HOMES THAT PEOPLE ARE STILL LIVING IN WHILE THEY WAIT FOR A SALE?

“Yes, all the time, and people are usually quite open about why they want to talk to us. Maybe some of their furniture has been comfortable, and has moved with them from home to home – but it really does nothing for the house at sale time. In other cases, they might have a beautiful sofa, but it is too big for the room, disrupts the flow and may clash in style with other furniture.

“In many cases, we work with some of the client’s existing furniture and bring pieces of



ours in to create the cohesive effect rather than a disjointed 'look' that might compromise the overall presentation of the home."

ARE THERE CLIENTS WHO ARE MORE DIFFICULT TO CONVINCE CONSIDERING THAT THEY HAVE PRESENTED THE HOUSE THEMSELVES AND THEY THINK IT IS WONDERFUL?

"Sometimes, they may have prepared the home themselves beautifully, but in a way that may not appeal to the target demographic. Most clients call us knowing that they need our assistance. They often have their own ideas and we always try to work with them. We certainly try to meet their needs but sometimes they don't actually have anything in mind. They have called us because they want fresh eyes to see something different in a home that they have lived in for a few years!"

DO PEOPLE HIRE FURNITURE LONG TERM?

"Yes. We work for a number of high profile project builders who require display home furniture on a long term basis, and we also have clients with multi million, upmarket properties that have been on the market for many months. These properties need to find the right buyer, and while it takes time, appropriate styling is essential."

IS HOME STYLING GENERALLY USED FOR THE MORE HIGH END HOMES? OR DOES IT ALSO APPEAL TO THE AVERAGE 4 X 2 HOME?

"Our service appeals across the board, whether you are selling a high end home in Peppermint Grove, a unit in Tuart Hill or a 4 X 2 home in Atwell. You need to remember that your competition is the other homes for sale in your immediate neighbourhood. You need to stand out from the crowd and make your property look memorable and appealing."



Providing your property falls within a buyer's budget, they are more likely to choose the home that looks beautiful over the one that looks tired and dated with a well worn couch and 'Grandmothers' dresser. The property we style is clearly going to present a lot better and appeal to a broader range of potential buyers."

SO IT IS ALL ABOUT PROVIDING AN EDGE?

"Absolutely! Even in new suburbs where homes often look very similar, styling a property for sale when you are competing with perhaps five other houses in the estate for sale, makes all the difference. It will help you to sell the home faster and achieve a better price."

"This is supported by the facts. On average, a home styled by Guest Group will sell within four to six weeks. This compares very favourably with the average for the real estate industry which is considerably higher."

DO YOU COME OUT TO PEOPLE'S HOMES AND CONSULT?

"We discuss general requirements over the phone and provide a rough indication, and if the client is happy with that, we visit the home without delay. On the basis of that meeting and inspection, we provide a detailed proposal which lists all the items that we recommend putting into the home including the price."

"When it comes to installing the furniture, hanging artwork professionally etc, we only use the Guest in house delivery and installation team – and by managing the project in that way we are able to assure quality."

HOW LONG DOES IT GENERALLY TAKE FROM SOMEONE PICKING UP THE PHONE AND CALLING YOU TO HAVING THE PROPERTY PROFESSIONALLY STYLED BY YOUR TEAM?

"In most cases we will respond and arrange our visit within one to two business days. A quote tailored to your needs will be presented within 24 hours of the initial consultation and on average we will style the property within five to seven business days of the quote being signed. So you are generally looking at having a fully styled property within a week to a week

and a half of the original call depending on the month – because this is seasonal to an extent, with Spring and Summer months being busier than the rest of the year."

GENERALLY, WHAT LENGTH OF TIME IS YOUR FURNITURE LEFT IN THE HOME?

"We have a one month minimum for short term hire. At the moment, around 90% of our homes are selling within the first month, which is really great as the market is buoyant. So, in most cases, we are getting calls within three and a half weeks to collect the furniture, otherwise billing clicks over into the next month unless the client has advised us otherwise. We bill at the start of each hire month, and after the initial month, clients will receive a refund for any unused portion of hire that they have paid."

"In addition, we do offer a discount for three month contracts and that is ideal for developers, high end homes and project builders. When a developer has a series of units to sell, we will quite often style one display unit and leave everything there until all the units or houses are sold. In some cases, we move furniture from one unit in the development to the next."

"We are working with some of Western Australia's most prestigious project builders and that is definitely a growth area in our business."

IS GUEST GROUP STILL INVOLVED IN RELOCATION FURNITURE HIRE?

"There is a high demand for furnished apartments and furnished homes in the West for people who are relocating. We are quite often contacted by home owners to hire furniture for 12 month to two year periods so that they can rent the property as fully furnished."

"We are able to assist families who relocate from overseas or the Eastern States and need furniture for a few weeks until their own furniture arrives."

ARE YOU ABLE TO PROVIDE FURNITURE THAT COMPLEMENTS DIFFERENT STYLES SUCH AS CHARACTER, CONTEMPORARY OR ARCHITECTURAL?

"We experience demand to provide an array of different looks. In the coastal suburbs to

the north of Perth, we find clients request the seaside, coastal look and feel. In the Western Suburbs, French Provincial in the Character homes is very popular so looks change from suburb to suburb. However, the majority of homes we style have a contemporary look."

"We always aim to provide neutral decor that will appeal to the majority of people who will walk in and look at the property."

"When working with our clients' existing furniture, we will often try to incorporate it into the look we are trying to create. In the case of clients on a tight budget, we make every effort to accommodate them and utilise as much of their furniture as possible to make it more affordable. In those instances, we might just style two or three key rooms – and perhaps the hallway, as first impressions count for a great deal."

WHAT IS THE LENGTH OF TIME REQUIRED FOR A CONSULTATION AND QUOTE?

"The consultation takes up to 30 minutes, during which we take photos, notes and measurements of all the rooms so that we can reference back to colours, carpets, window furnishings etc."

WHAT DO YOU DO DIFFERENTLY THAT PROVIDES AN EDGE IN THE MARKET?

"Given that we are a national company providing stunning furniture packages to many of Perth's major builders, most of our product has been in display homes for 12 months or so, and is returned to us in pristine condition. It has been sourced from up to 500 different suppliers across Australia and worldwide, including many custom made pieces, that we are then able to use for styling your property in a unique and individual way."

YOU MENTIONED QUALIFICATIONS. IS THAT IN INTERIOR DESIGN?

"There are quite a few different qualifications between us, and some are trained as Visual Merchandisers and other in Interior Design. We are very conscious that we are part of a sales process – we are selling a "lifestyle" and first impressions are critical. One of the benefits of being trained as a Visual Merchandiser is that you are educated to style a product for the purposes of marketing and selling. You know how to make a room look good for a photo

shoot, and what is going to appeal to a broad market ... that's exactly what our service is designed to do."

"You cannot teach someone good taste, but at the end of the day, every member of the team at Guest has been chosen because they live, breathe and understand that. We all have a broad range of skills and enjoy bouncing ideas and gaining inspiration from one another."

"We tend to live and breathe the business and it is not uncommon for any of us to wake up in the middle of the night and think 'Could I put that sofa in there' ... and 'I wonder if that occasional chair is available?' ... or 'Have we got any big cushions to fill in that space etc?'"

WHAT SHOULD A HOMEOWNER DO TO HELP THE STYLIST?

"We always suggest de-cluttering the home by reducing the number of books on shelves, keeping ornaments to a minimum and aiming for a 'minimalist' effect in each room.

"Trust us to work our magic! Obviously we need to work in a clean home and we would prefer our client to see the full impact of the finished effect – just as a potential buyer would when they see it for the first time! We recommend to our clients that they leave the house and return when it's finished. They're always amazed when they see the total transformation! "Sometimes we get unexpected reactions, with people hugging us or in tears when they see the overall effect for the first time. At other times, people have said to us, 'I don't want to sell it anymore. It's everything I've ever wanted it to be! I'm taking it off the market!'"



TOP TIPS FROM THE GUEST GROUP TEAM

- Property styling works, so if you want to sell your property quicker and generally at a higher price, then invest in a professional styling service.
- Styling is not just for high end homes. When you sell your home, you're in competition with many other properties in the area and great presentation will help to set your home apart from the rest.
- Think ahead – The more notice you give Guest to arrange your styling package, the better the result.
- Be prepared to accept the stylist's professional advice – and if it means moving much of your furniture out for the duration of the sale, then so be it. Your stylist is selling 'lifestyle' on your behalf, and will be aiming for a consistent look and feel in the home.
- Declutter your home as much as possible, keep books and ornaments on shelves to a tidy minimum.
- Before the styling team arrives, ensure that the home is clean and tidy with carpets in good order – and employ the services of a window cleaner.
- Always remove personal items such as photographs and children's artwork, this allows potential buyers to imagine your property as their own.
- Book your photographer after you have booked furniture installation.
- When the team arrives with the furniture go out for a coffee, and come back when the work is complete. It is far more enjoyable for you to come back and see the finished product.



HELPING TO BUILD HEALTHY FINANCIAL FUTURES CRYSTAL FINANCE

A licensed finance broker and consultant, Robert Coombs established Crystal Finance early in 2006, following an extensive career in banking spanning over 26 years.

Rob has gathered together a team of like-minded people, with similar experience and background to his own, and built a successful business based around the core values of trust and respect.

He brings years of leadership, understanding of the inner workings of banks and financial institutions and a clear focus and direction to his role as team leader at Crystal Finance.

Rob's strengths are his vision and knowledge of finance and his ability to develop seamless systems, employing the latest technology to provide the best advice possible to his clients.

Whether you are chasing your first home loan, looking to get into an investment property, expand your portfolio, obtain personal or commercial finance or just better manage your money, with a choice of hundreds of products from 25 different lenders, plus a formidable team with years of lending experience and knowledge, Crystal Finance offers its clients access to the best financial resources possible to help create wealth and financial security.

If your goal is to build a healthy financial future, a good place to start would be with a phone call to Crystal Finance.

We started our interview by asking Rob a question he has obviously been asked before:

WHAT IS THE DIFFERENCE BETWEEN A MORTGAGE BROKER AND A FINANCIAL PLANNER?

"I like to think that, essentially, the financial planner works with the asset side of your balance sheet and the broker works on the liability side ... the loans ... the debts.

"Whilst it is generally accepted and understood that you talk to your financial advisor about strategies for wealth creation, selecting suitable investments or planning your purchases, you should see your finance broker about how best to implement your lending strategy. Your financial planner helps you plan for your asset purchases and your finance broker helps you plan your loans to acquire these assets, and will consult with you regarding timing, loan size and security.

"Not only does your broker then put the lending strategy in place, he/she will structure it in the best way to meet the goals your financial advisor/planner has set for you. As mortgage brokers, we are able to work very closely with financial planners and you should

definitely consult with one at some point in the process."

WHO SHOULD USE THE SERVICES OF A BROKER AND WHY SHOULD THEY UTILISE THAT SERVICE?

"To answer the first part simply - anybody who wants to borrow money, for any reason, should come and see a broker before making any other move.

"One of the primary reasons people should talk to us first is because we are going to ask questions. Why do you want to borrow money? What do you want it for? How do you propose to repay it?



"But the modern-day broker now has so much more to offer. They do not just look at getting the best rate; the best rate is no longer the most fundamental thing you should look for and the reason for that is because just about every bank in Australia offers the 'best rate', so really there's not a lot of difference between rates. As a broker we look at not just your current but also your ongoing requirement. What you might want or need today may change dramatically in five years' time.

"Essentially we will complete a 'needs analysis' to discover a range of loan products with features and benefits that suit you.

"A classic example is there is no point in taking out a fixed rate for five years if you intend selling the property in three years. You are going to be up for penalties when you break out of it, so why go for the five-year fixed rate?

"Another is where both owner-occupier and investment loans are held, it makes sense to make fortnightly repayments to the owner-occupier loan and attach an offset account. It is all part of the process of establishing and building a long term relationship, based on trust and understanding."

SO IT IS ABOUT MATCHING PRODUCTS THAT ARE OUT THERE TO PEOPLE'S SPECIFIC NEEDS AND CAPABILITIES?

"Definitely, but we are not just talking about rates or pricing; it is also about assessing the suitability of the product with all the bells and whistles that come with it. Do you really need them? Are you going to use them? Is the cost of these features worth it?

"Then we look at the structure. Do we do one loan or two? Is there one property involved or multiple properties? Is Lender's Mortgage Insurance appropriate? Is a Line of Credit needed?



"We will also look at the cashflow surrounding that. How are you going to make repayments? Where is it going to come from? Should we use an offset or loan-redraw? Do we set the interest rate at fixed or variable? Do we have interest only or principal and interest? There is a whole range of questions that need to be asked and some solutions put forward."

THERE ARE PEOPLE WHO SAVE AND PEOPLE WHO LIKE TO SPEND. WHAT ADVICE WOULD YOU GIVE TO A SAVER AND TO A SPENDER?

"It is very true, some people like to save and others like to spend. If you are a spender that does not necessarily mean that you cannot borrow money. What it does mean though is that in presenting that person's case to the lender (the bank) they may have a harder time showing that they are appropriate or creditworthy people and that is where we can assist greatly.

"A spender may also be a late payer so they may have a bad credit history with credit cards or utility bill payments or similar and that can lead to issues associated with their credit rating. From a lender's point of view these are negatives, but if they can be explained or mitigated, a case may be able to be presented to the lender and then they will often be prepared to have a look at that in a more favourable light.

"A saver with a strong savings history is on the right path, but probably still needs advice on how much of those hard-earned savings to invest and where. And we can help there too."

WHY NOT APPROACH THE BANK DIRECT? IS IT A MATTER OF KNOWING WHAT INFORMATION TO PRESENT AND WHAT NOT TO PRESENT?

"Every potential borrower has a particular perception in their head about what they think is a respectable and safe proposition. So they are often quite shocked to go to a bank and discover that the banks do not have the same perception.

"The Bank's priority is the safety of its loan. Your priority is to acquire an asset and clearly explain the purpose of the loan (not the loan itself)."

WILL THE BANKS CONSIDER YOUR SITUATION AND OFFER YOU A PRODUCT THAT SUITS?

"Banks will answer your questions but they usually just provide a 'yes' or 'no' answer to your question, not a solution. You then have to interpret the answer to fit your particular set of circumstances.

"If I said to you that interest-only is a suitable product for your circumstances, you may well accept my advice. However unless I explain the features of the loan you will not know why. The lenders in banks probably won't be able to give you any answers and many do not know the answer, because they may not be home loan specialists, but general bankers.

"There are good reasons why a principal and interest product may be better served by an interest-only arrangement; why a fixed rate might be better than a variable rate; why an offset may be more suitable than re-draw. So you can draw on all the skill, advice and benefit from the services of a broker, who understands your circumstances."

AM I CORRECT IN THINKING THAT YOU HAVE ACCESS TO 25 OR MORE LENDERS' PRODUCTS ON WHICH YOU CAN OFFER ADVICE?

"Yes, but it is not just about getting you the loan you want at a reasonable price and explaining all the benefits of why this product is better than another product. I think the needs of clients' today are a bit more complicated.

"A lot of people already have loans in place and when they come up for review, the interest only period has expired or the fixed rate falls due.. They want to know if they should fix the rate again? Should they change banks? Is this still the best deal they can get? Is this the best structure that they have in place?

"And again, with a bank you are not necessarily going to get answers that suit your circumstances because they will just recommend another of their own product options, which may or may not be right or relevant to your circumstances.

"There are over 100 lenders (banks, credit unions, non-bank lenders etc) with literally thousands of products in today's market and finding the right one for you can be daunting.

Perhaps unsurprisingly, most have similar products and similar bells and whistles. Some only lend in their own State whilst others provide specialised or niche products that may not be suitable or appropriate for most borrowers.

"We believe in having over 25 lenders on our Panel (around a quarter of all available lenders in Australia) provides a broad range of products and rates that is representative of all lenders. A bank or 'monoline' broker simply cannot compete with this diversity.

"However, we are always keeping abreast of what's happening in the market and where we think a lender has developed a product that may benefit our clients, we will bring it onto our panel.

"The other important consideration is that the information we gather about our clients over a long period of time helps us to deliver the best advice for their circumstances. Some clients have been with us for more than 12 years, and in many instances, we actually know a lot more about them than they know themselves. I can always provide them with answers before they even know the questions they should be asking.

"Clients' needs evolve over time. What is suitable today may not be suitable in five or ten years' time. Those clients who remain with us benefit from our knowledge and expertise to adapt their loan structures to their changing needs without them having to "start again" every time they see their bank."

CHOOSING YOUR BROKER. HOW DO YOU KNOW IF THE BROKER IS SUITABLE FOR YOU OR QUALIFIED?

"For a start, you have to make sure they are licensed or operating under an Australian Credit Licence, issued through ASIC. If they are not, walk away because it is illegal!

"Next is their experience level - we can provide a greater level of input and information now. We can offer advice on the processes and steps involved and identify and explain any potential issues that may arise with a lender. Nowadays, you cannot apply for your loan today and get it tomorrow; it just does not work that way. There are a number of steps to be undertaken, some of which can be unique to your loan application. An experienced broker

can recognise these and have a backup plan in place in case it's needed.

"Ask them if they have any investment properties of their own, or how many homes have they bought and sold. Not many bank staff can pass this simple test. Check also to make sure they have brokered loans in the segment you are interested in – for example, first homeowners, upgraders, investors, self-employed, etc"

"Then there is the issue of in-house support. ASIC regulations require both brokers and lenders to undertake a much greater level of investigation into a potential borrower's circumstances. This can often lead to delays and a greater level of oversight is required as the application progresses through the bank's systems. The days of a sole operator are numbered. A competent broker must have back office support and technology to ensure your application is continually monitored and processed.

HOW DOES A BROKER GET PAID?

"The standard practice is for the broker to receive a commission from the lending institution based on the settled amount of the loan. This is called an 'upfront fee' and usually varies from 0.5% to 0.7% of the total loan value.

"Brokers also receive what is known as a 'trail', an ongoing commission that is set at approximately 0.15%pa, or thereabouts, by the bank for the life of the loan. It is paid monthly and is based on the minimum balance of the loan at month's end. So if the balance is zero, the trail is zero.

"Neither of these commissions affect the interest rate or fees applied to a loan as they are paid by all lending institutions. This commission structure ensures the broker has a strong interest in not only getting a loan to settlement



but continues to provide support to his client long after settlement."

CAN YOU TELL US ABOUT 'CLAWBACK' ? WHAT IT IS AND WHAT IS INVOLVED?

"Clawback is industry jargon for what happens to the broker's commission if, for any reason, a loan is repaid in full, within the first 12 to 18 months. Most lending institutions will require up to 100% of the upfront commission to be refunded. So, it is not always one way traffic in the broker's favour."

"Similarly, if the borrower's loan is in default for any period of time the lending institution will cease to pay the trail until the loan is back on track. So it is in the broker's best interest, long term, to assist the borrower, his client, in getting arrears paid and payments back on track.

ARE YOUR SERVICES LIMITED TO JUST PROVIDING A LOAN?

"No, we can provide advice and guidance on almost anything that happens to your loan after settlement. For example, conversion of variable to fixed, or fixed to variable, expiry of honeymoon rates, maturity of fixed rates, switching of interest only to principal and interest and vice versa.

"A big area of advice is partial discharges – that is - sale of a property and instructions for the collection and disbursement of sale proceeds.

"When you sell, if you have multiple properties or they are cross collateralised, then you do not necessarily have to relinquish the entire sale proceeds to the bank; you might be able to keep some. You may say 'Why do I want to keep some? I will give it all to the bank.'

"You do not need to hand over all the proceeds to the bank; for instance there may be a high interest credit card or car loan that needs reducing or paying out. Clear these loans first so they do not continue to drain your cashflow and then you can afford to make increased payments on your own loans – this is invaluable advice that we can supply based on our knowledge and experience and your particular circumstances."

"We can also provide introductions to our preferred network of related financial services partners such as accountants, solicitors, estate planners, settlement agents, leasing and buyers' agents, financial advisors, insurance brokers and

so on. These are people with whom we have built up relationships over a long period of time and have demonstrated the same commitment and ideals of trust, respect and understanding of our customers' needs and objectives."

IS THERE A GENERAL RULE OF THUMB ON THE TYPE OF PRODUCT THAT BEST SUITS FIRST HOMEBUYERS, INVESTORS, RETIREES ETC?

"I suppose you could categorise these areas:

"First homebuyers are usually characterised by inexperience at lending. They may not have a long standing track record of savings, so their credit rating or asset position is not very strong.

"The type of product for them is obviously going to be something highly geared - maybe a 90% to 95% lend. These buyers are usually very price conscious so they want something inexpensive and straightforward - make payments at the cheapest possible rate and establish a lending history and equity.

"So they may not need things like offsets and redraws. A 'no frills' product is usually the way to go, some lenders offer *honeymoon rates* or special discounts for the first 12 months or the first three years or so."

WOULD THEY NEED MORTGAGE INSURANCE?

"With a 95% mortgage, they will definitely need mortgage insurance and that brings us back to a savings pattern. Normally you need to have saved 5% of the purchase price over the last three to six months at least.

"Parents will often help but parent payments do not show a savings pattern. Gifts and bequests are not a savings pattern, so we have to come up with alternatives. If they are renting, and they keep an accurate record of their rental payments, some lenders will use that as a de facto evidence of savings, and a demonstration of ability to perform.

"Owner/Occupiers should always want principle and interest repayments and make payments fortnightly, it usually matches their cashflow better with their income and pays the loan off a little quicker, and that is a sound strategy as well. These loans work well with redraw or offset accounts, especially if they are on a good income.



"The ideal loan for investors is one on which they can borrow the full purchase price plus costs. However, they cannot do that with just a single property; they need to bring a second one into the mix. This could be their own home where they have paid out a substantial portion of their debt, and we can then allocate some of that equity to the equation.

"So the ideal investment loan really does not need to be flash, you will want interest only payments (which are tax deductible) where you can use the cashflow coming in from the rental stream to help with the payments."

"Whilst redraw and offsets accounts are usually available, the typical investor does not require these features, preferring instead to purchase another investment property with any surplus income.

"With people heading into retirement you have to place a lot more emphasis on understanding their needs. We want to know how long before they retire? The banks are becoming wary of providing 30 year loans to applicants in their mid 50s. In some cases you will need to demonstrate how you can pay off a loan in the time you have remaining in full time employment.

"So the message here is clear to anyone in their mid 50s, you need to come and see your broker to work out how you can satisfy the Bank that you can continue to repay your loans into retirement.

"If you have reached 60 years of age and you say 'I am going to retire in five years and I need to restructure my finances', you might find the Bank will not be able to oblige, so we may need to look at that some years earlier. An option whilst still employed is to accelerate repayments and reduce your loan to a more manageable level upon retirement."

"A line of credit might be useful to help manage some of the cashflow issues in retirement.

"For those that do not have investment properties - they just want to pay off their debts but still have a funding 'buffer' - we can replace the housing loan with a line of credit.

"Lines of credit are always very useful, particularly in retirement because when you are retired you cannot borrow any money or it becomes extremely difficult, so you need to have put your lending in place before you retire and through good conduct the bank will let you keep it - that's definitely the way to go."

WHAT SORT OF INFORMATION SHOULD YOU SUPPLY TO A BROKER WHEN YOU COME LOOKING FOR A LOAN OR ADVICE?

"The short answer is everything. We want to know everything about you. There is a *needs analysis* exercise we undertake that was mentioned earlier, it can also be called a '*fact find*'. To us, it's a *Client Profile* - we just need to know all about you!

"We need to know your objectives, not just what the loan is for, but why do you want to acquire the asset. We also need to know a bit about your history. Have you had any difficulties with loans before? Do you have any arrears or any late payments, and not just in loans? Do you anticipate any changes to your situation in the next five years that may impact on your ability to repay your loan?

"If we are to genuinely help, the client needs to be upfront. We will be honest and open with you. We do not get paid until the loan is settled, so if we all spend too much time on a transaction that is not going to go anywhere everyone's time is wasted.

"Crystal finance offers solutions and a way forward in most instances. It might not happen today, it might be a month or six months away. It might be building up a savings history over the next three months, or clearing a bad debt, or repaying a pesky credit card or just waiting until a probation period has passed.

"We ask questions, work out a plan of attack, and then have to decide what documentation and verification we will need. We have to be able to show that we have made thorough enquiries into each applicant's financial position

and made every reasonable effort to verify the information which has been provided to us to us. That is our due diligence.

"The basic documentation we need is your:

- Income evidence - payslips, PAYG summaries, rental statements
- Loan documentation – loan statements, Internet printouts etc.
- Evidence of asset ownership – rates notices, super statements, share statements
- Demonstrated savings pattern – savings statements, rental payments
- Identification – passport, drivers licence (certified if necessary)



TOP TIPS FROM CRYSTAL FINANCE

Knowing that we could go on for hours picking Rob's brain, we decided to cut to the chase and ask for his top tips for anyone wanting a loan. Again, we weren't disappointed:

"It all depends on what you want and where you fit - first homeowner, up-grader, investor, upcoming retiree or just where you are at in your life cycle"

- First thing, do your homework when you select your broker.
- When you find your broker, ask questions. Your broker is on your side, your broker is the person who is going to stand in your stead in front of the bank and is going to plead your case.
- Never, ever go directly to the banks.
- Also, be honest and disclose everything, put your trust in your broker. They can't help you if they don't have all the facts.
- Develop a close relationship with your broker. The benefit of a broker is not just at the first deal but subsequent deals down the track.

Conveyancing



SETTLED ONCE AND FOR ALL ALPHA CONVEYANCING

Alpha Conveyancing & Settlement Solutions, formerly Marie Tatham Settlements, is a small but highly experienced conveyancing agency founded by Marie Tatham and daughter, Nina Caputo.

Located right on the border of Maylands and Bayswater, Alpha Conveyancing offers a highly professional, personalised level of service backed by Marie's more than 25 years' experience working at all levels of the industry and complemented by Nina's qualification as a licensed real estate agent.

Although they are based in Bayswater, Marie has spent many years working as a conveyancer in Western Australia's Wheatbelt and still travels there regularly.

Marie and Nina take pride in providing a service that is one step above and every property settlement is handled with integrity and reliability.

Independent, they are not aligned to any specific agency and depend solely on their extensive network of satisfied clients for repeat and referral business.

Buying a property is one of the largest investments you will make and the settlement agent's role is to ensure that the property transaction (sale or purchase) will progress through smoothly, stress free and on the due date.

There appears to be some confusion out there about the correct title (excuse the pun) that we should use for this important chapter. However, there is no confusion in the mind of long term, industry veteran, Marie Tatham of property settlement specialists, Alpha Conveyancing.

Both terms – conveyancing and settlement – mean the same thing and perform the same function but, nevertheless, according to Marie, 'conveyancing' is the term the industry prefer to use in the future because it more accurately describes the critical function this stage plays in the property purchase and disposal process.

Just to make it even clearer, 'conveyancing' is more the legal process that is undertaken and 'settlement' is the end result of that process.

This is probably the ideal way to begin our look into this fascinating but essential element of the buying and selling process in property. So our first question would logically be:

EXACTLY WHAT DOES A CONVEYANCING AGENT DO?

Let us defer to Marie again for the answer:

"Our role is to take a property that is presently in an owner's name and look at that property to ensure that it is going to be completely clear of any sellers' (or past sellers) liabilities on the title. We want to know that the title we are dealing with, at the time of it passing to the purchaser, has absolutely no previous liabilities. That is our major task because, if you take on a title, and you find out later that there is a problem with it, it then becomes the purchaser's problem."

We asked Marie to compile a short summary for us that breaks down the functions and areas where conveyancers operate:



Legal Documents: A conveyancer prepares the legal conveyancing documents that transfer the property you are purchasing from the seller's names to the purchaser's names.

Clear Title: It is the responsibility of the conveyancer, acting for the purchaser, to ensure that the property being purchased is free of any liabilities on the title. A title search is obtained from Landgate and a further title check search is done on the day of settlement. An enquiry is placed with the relevant shire council requesting information on the property to ensure that all improvements have been shire approved and no orders (i.e. health) have been placed on the property.

Change of Ownership: The conveyancer advises of the change of ownership to the council, Water Authority and Office of State Revenue and requests rating information for adjustments at settlement.

Financial: The conveyancer checks all the figures involved with the purchase and ensures that any outstanding amounts due by the seller, up to the settlement date, are received from the seller on the day of settlement.

Settlement fee and other costs: The schedule of fees are set by the Real Estate Settlement Agents board and on a scale and based on the purchase price.

Coordinator: Most importantly, the conveyancer *coordinates* all the parties who may be involved in a real estate transaction.

Communication: A proactive conveyancer will make regular phone, SMS or email contacts to you, your finance broker, your bank, your real estate representative and the seller's settlement agent to ensure that your settlement is progressing so that it will settle on the due date.

So, we asked Marie:

WHAT IS THE PROCESS INVOLVED IN A REAL ESTATE TRANSACTION SALE/ PURCHASE?

"The proactive purchaser will have contacted their finance broker and settlement agent prior to signing a Contract for Sale. On choosing the home they wish to purchase, the real estate agent prepares the Contract for Sale document and presents it to the seller for acceptance."

Appointment to Act "The real estate agent forwards the Contract for Sale document to the conveyancer and they send the purchaser an 'Appointment to Act' form. Until this form is signed, the purchaser may appoint a different settlement agent than that which is stated on the Contract.

"Once finance is unconditionally approved, settlement date is set and the settlement procedure begins, which is generally 21 to 28 days from finance approval."

"Your bank will forward an Offer to Accept finance approval for signature and then mortgage documents for original signatures. The application for first homebuyers is also lodged by the bank at State Revenue. It is recommended that all finance documents are signed with a finance broker."

"Your conveyancer prepares the Transfer of Land document that requires original signatures. The conveyancer then provides a copy of the Transfer and settlement statement to the Bank."

A couple of handy tips and reminders from Marie on the process:

- **Termite Inspection and Building reports** - ensure these are ordered and copies provided to your conveyancer.
- **First Home Owner Grant** - ensure this is progressing and approved. Your finance broker will assist.
- **Balance of monies needed for settlement** - if funds are held in a savings account at the same bank as for your new loan, just instruct them to draw on the funds on the day. If they are held in a different bank, the balance is to be paid to the conveyancer's trust account at least three days prior to settlement.
- **Final Inspection** - make appointment with the real estate agent, seven days prior to settlement, to check working order of the property. Advise settlement agent of outcome.
- **Settlement** - takes place at your bank, your conveyancer attends on your behalf. Keys are available from the real estate



agent at 12noon the day after settlement, unless the property is vacant.

- **After Settlement** – a copy of your title, now in your name, will be posted to you.
- **Real Estate & Business Agents (REBA)** - first homebuyers may be eligible for a REBA rebate if the purchase price is \$400,000 or less. Place a copy of the stamped contract and settlement statement and tax invoice with an application to REBA for reimbursement of settlement expenses of up to \$2,000.

WHEN SHOULD YOU CONSIDER APPOINTING YOUR CONVEYANCING AGENT?

"It is best to appoint a conveyancing agent the time of signing the contract or within a day after it has been accepted."

But Marie has some additional advice that both purchaser and seller should consider:

"For a seller, I believe it is preferable to appoint your conveyancer before you even put your signatures on paper. The reason being that, if you are selling, you need to check with your conveyancer to work out how they are going to carry out the sale. I would then suggest that they contact the bank first before they even list their property. "If the seller (vendor) owns more than one property, they may find that the price the listing agent is suggesting may be too low for the bank to discharge a mortgage.

"If you own more than one property the bank will look at the value of one, two, three and four properties that are still held under their security. They will look at them and assess the percentage of the equity you have over

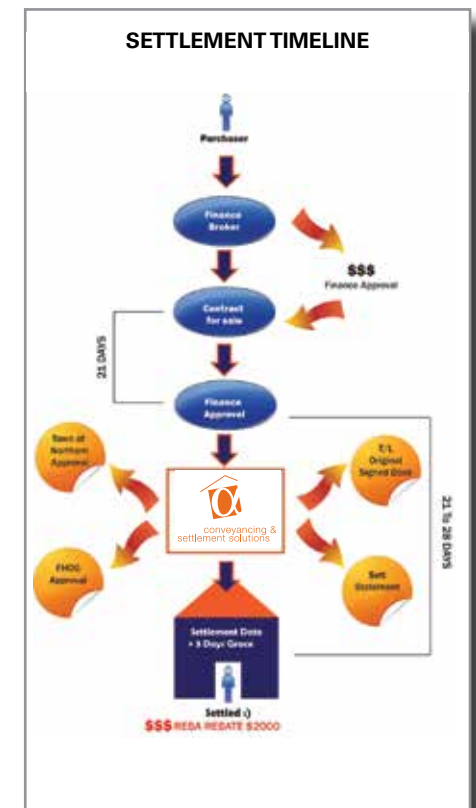
all those properties and if the equity is not sufficient after discharging this one, they will say you have to sell it for this price to cover your exposure to the bank".

YOUR ADVICE FOR THE PURCHASER?

"The best advice I can offer is to check out reputable mortgage brokers, appoint one to find the best loan deal they can for you. The broker can liaise with the bank, the conveyancer and will be another person working on your behalf to help get you across the line."

IS THE LAW RELATED TO BUYING AND SELLING PROPERTY IN WESTERN AUSTRALIA DIFFERENT TO OTHER STATES IN AUSTRALIA?

"This is an area where buyers and sellers from interstate in particular can fall unsuspectingly into a trap. When you sign a contract to purchase or sell in Western Australia, unlike in the Eastern states, there is no cooling off period."



More words of advice from Marie on this subject:

“For the purchaser it is different again. Before placing an offer on a property, the purchaser needs to speak to a broker.

“If you go to your bank before you go to your broker and your bank declines your request for finance, even if it is a pre-approval request application, that is a black mark against your name. Speak to a reputable finance broker first to see what they can arrange for you.”

WHAT ABOUT CONSULTING WITH YOUR ACCOUNTANT IF YOU HAVE ONE?

“This is essential, especially if you own multiple properties under different entities. You will need to discuss aspects such as whether you can actually afford to purchase the property? If so, under what name should you purchase it? How should repayments and income be structured financially, and what tax deductions you can claim for depreciation?

“The secret is to be informed before you go to the market looking to purchase or sell, or more importantly, sign anything. Know how

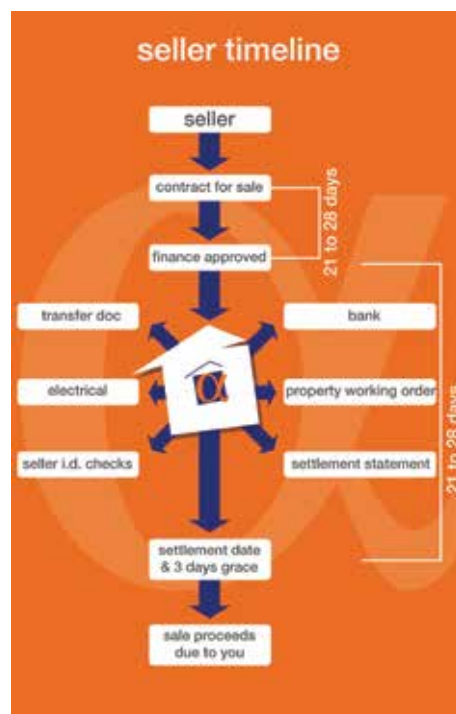
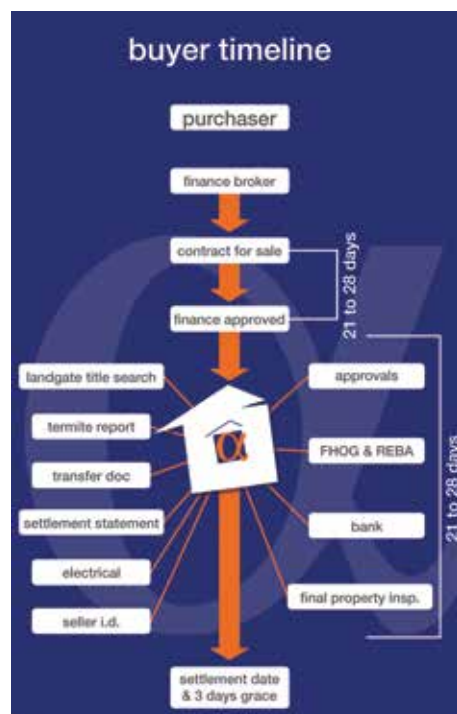
much you can borrow, have an idea what your options might be and allow enough to cover what you think you may need for furnishings when seeking to obtain finance.”

Be aware of ‘subject to’!

“The words ‘subject to’ ... ‘finance being approved’, ‘settlement in 60 days’, ‘and sale of another property’ ... are words that you really need to be very aware of in any contract. Always heed the words of the old Latin phrase ‘Caveat Emptor’ – let the buyer (or the seller for that matter) beware!”

According to Marie, even with cash deals it’s ‘beware, beware, beware’:

“The first thing you need to ensure is that the appropriate deposit is paid. Never allow an extension on a deposit being paid and always ensure that it is at least 10% or more of the purchase price. There are a lot of people out there who may be intent on defrauding you of your hard-earned money. If a deposit has not been taken when you come to settlement date and the potential buyer does not settle, you have no comeback or security and 30 to 60 days of your time and effort has been wasted.”



RECENT FRAUDULENT ACTIVITY, WHERE VENDORS HAVE PURPORTED TO OWN HOMES IN WHICH THEY HAD NO TITLE, HAS HIGHLIGHTED THE NEED TO THOROUGHLY CHECK OWNERSHIP. HOW CAN YOU ENSURE THAT THE VENDOR IS THE RIGHTFUL OWNER OF THE PROPERTY YOU INTEND TO PURCHASE?

“This is a very topical and important aspect of buying and selling property and one that reinforces the importance of using the services of a conveyancer. There are several ways of carrying out appropriate checks. Conveyancers use Landgate to search the previous transfer when the property was last purchased, to verify ownership.

“Conveyancers will also ask for several forms of ID to verify that the name on the title and the name of the vendor match. This can be in the form of a driver’s licence, a bankcard or Medicare. They check to make sure that they are all up to date/unexpired and of course, there are phone and email contacts. A diligent conveyancer will carry out sufficient checks to completely confirm that the vendor is the legitimate owner of the property.

“In November 1st 2011, the Settlement Agents Code of Conduct was amended to include a provision that requires client identity verification to be undertaken for all settlement transactions.

“This means that prior to effecting settlement, a settlement agent must ascertain the names of the owner(s) of the property and make all reasonable efforts to verify:

- The identity of the owner(s)
- The identity of the person issuing instructions; and
- Their authority to settle (transfer) the property

“To satisfy these criteria, owner(s) will be requested to meet the 100 point verification check. Should the owner(s) be resident overseas or signing the documents overseas, the authorised witness is now the Australian Consulate. Similar identity verifications will be undertaken by the real estate agent at the time of listing the property.”



WHY A DISCOUNTED CONVEYANCING SERVICE COULD EVENTUALLY COST YOU MORE IN THE LONG RUN.

“There is a standard set of fees that conveyancers and settlement agents can charge for their services and it is based on a percentage of the confirmed purchase price. While conveyancers are allowed to reduce their fee below the government set scale, they cannot exceed the charge.”

Marie warns, however, that ‘if you are offered a fee that is below the set standard fee, and it appears to be extraordinarily cheap, beware! It may affect the level and standard of service you receive.

Here is Marie’s checklist of the services a competent conveyancer should be offering you and the steps that should be involved in the process:

1. Always obtain a written quote of the ‘total cost’ involved before appointing a conveyancer.
2. A busy agency is a good sign but one that is ‘too busy’ should be avoided.
3. Establish an open, comfortable rapport with your conveyancer, based on clear, concise and regular communication throughout the entire process. You should not have to chase your conveyancer for information/progress.

IS IT USUAL PRACTICE FOR THE SAME CONVEYANCER TO ACT ON BEHALF OF THE BUYER AND THE SELLER?

"Not usually, as this could represent a conflict of interest. Marie advises that, with small country properties in particular, where the purchase price is often under \$100,000, she will act for both, as it is more cost-effective and efficient for both parties. In general though, the rule is to not act for both parties."

HOW DO YOU CHOOSE A RELIABLE, EFFICIENT CONVEYANCING AGENT?

Frequently, your agent will recommend a conveyancer with whom their company works on a regular basis. However, you always have a choice.

"I recommend that you talk to two or three conveyancers. You can research them online or ask for referrals from friends or family. Price should not become the only criteria on which you base your decision. Examine their track record, size of company, ask for testimonials and, most importantly, see if you can assess, from a face to face meeting, the level of personal service and commitment you can expect."

"You should also expect to have a licensed conveyancer managing and overseeing your file to ensure all elements of the process are covered."

IS E-CONVEYANCING THE WAY OF THE FUTURE?

Some agents, like Marie, now choose to register for revenue online to lodge contracts electronically.

Being registered for Online Stamp Duty enables most purchasers to be able to pay stamp duty on the day of settlement. This now does away with the cumbersome task of the purchaser having to manually deposit and deliver the stamp duty monies prior to settlement.

Online Stamp Duty also means the settlement agent takes a Certificate of Stamp Duty to settlement and receives a cheque from the bank for the stamp duty, which is then paid to Office of State Revenue after settlement has been effected. As a purchaser, your stamp duty monies stay in your account until the day of settlement.

The following extract from the Stamp Duty Act may be helpful:

Obligations under the Duties Act:

Transfer duty is imposed on dutiable transaction under Chapter 2 of the Duties Act 2008.

Contract for sale documents must be lodged within two (2) months after the date of the contract.

Contracts may be lodged at the Office of State Revenue by post or in person or if the settlement agent is registered for "online stamp duty payment" the contract can be lodged electronically.

Penalty tax may be imposed by Office of State Revenue, where a transaction record is not lodged within the two months or the duty is not paid within the required time period.

Not all contracts can be lodged 'online' i.e. commercial property with a building on it, Transfer under Agency Relationship or Substituted purchasers, Deceased Estate Transactions, Transfers pursuant to Wills, related parties, mining tenements, farming land, Aggregated Transactions (where two or more transactions form substantially), etc are lodged at the Office of State Revenue in person or by post.

In general, duty is due and payable within one year of the date of the contract.

Subdivisions, Issue of Title Conditional Agreements Tenements, Farming Land or other general conditional agreements are to be lodged within two months of the date of the contract but the date stamp duty is due payable varies from one year to three years depending on the type of contract.

"Eventually, like everything else, the process will become automated, but it will never replace the confidence and support you get from the hands on, personalised service you will always receive from a competent, qualified conveyancer."



MARIE'S TOP TIPS & ADVICE ON BUYING & SELLING

- Establish contact with a conveyancer before you sign your contract and obtain a written quote
- Spend time researching and appointing the right agent. Phone around, talk to friends for referrals, ring and ask to talk to the person who will be handing your file
- When appointing your conveyancer, instead of price, base your decision on value for money being offered with a personalized relationship and service
- A period of 21 days is the usual time it takes between finance approval and the settlement date. Be aware that every day counts in the settlement process.
- Talk to a reputable finance broker and discuss your options before even considering approaching a bank for finance. A finance broker has the advantage of having



access to a wide range of lending resources and will provide you with informed advice and direction.

- For purchasers, it is a wise move to always have a Pest Inspection and also a Building Report so that you can be sure that the property you are purchasing is sound
- Unlike the Eastern States, in Western Australia, there is no 'cooling off' period following the signing of a contract. Once you sign it becomes a final and binding contract. Before you sign a contract, think carefully!

"It is best to appoint a conveyancing agent the time of signing the contract or within a day after it has been accepted."

Building Inspection



'PEACE OF MIND' INSURANCE BHIS

Since 1992, BHIS (Building & home Inspection Service) has been helping Perth homebuyers and builders ensure that the property they are buying or building is structurally adequate and free from any major 'surprises'!

Peter Huber, the man behind BHIS, is a qualified builder and non-practising structural engineer. He established BHIS – the first of its kind in WA - to fill what he saw was an opportunity to provide a valuable service to the Perth homebuyers' market.

With six franchised outlets positioned around metropolitan Perth, the BHIS team of experienced professionals promise a speedy response to customer enquiries and ensure peace of mind for their important purchase.

Peter Huber has been crawling around inside all sorts of spaces within West Australian properties for longer than he cares to remember and his background as a registered builder more than qualifies him to help us hammer out some of the many questions we wanted to ask about building and home inspection services.

We started with the question most new home owners ask when they are told they need to have a building inspection conducted on the property they are about to purchase – why?

Peter's answer was, as we were about to discover, direct and to the point:

"Duty of Care!" Peter is definitely a man of few words, and strong words at that! Intrigued, we asked him to explain further.

"Everyone in the property business, such as builders, tradesmen, real estate agents and companies similar to BHIS, all have a duty of care. It is all very well to say 'Caveat Emptor

(Buyer Beware) but for a relatively small investment the buyer can gain some peace of mind that their investment is sound. It is a bit like insurance really.

"When talking to my clients, I give them this example: when you are buying a used vehicle, you would be wise to have an RAC inspection and check for defects and problems, otherwise you could end up buying a lemon! A car is a relatively small investment compared to the outlay on a house, which can run to many hundreds of thousands of dollars. So why wouldn't you take that important step?"

Seeing Peter warm to the topic, we moved on ...

WHEN SHOULD A BUILDING INSPECTOR BECOME INVOLVED IN THE BUYING PROCESS?

"Certainly prior to signing the contract of sale, and ideally the inspection should form part of the contract of sale (for a structural inspection at least). Think about it beforehand – if, as the popular TV commercial says 'choose your dealer before you choose your car', then you should choose your building inspector before you buy your house!"

WHAT IS INVOLVED IN THE INSPECTION PROCESS? WHAT AREAS DO YOU SPECIFICALLY COVER?

"Most people are not quite sure what they want 'inspected'. I say to them 'Think about your own body. What holds you together? Your skeletal structure!' In a house it's the same

thing; you have your footings and foundation, internal/external walls, roof framing - that's all structural.

"Skin, hair, clothes, aspects like that, are akin to ceilings, roof tiles and so on. They are cosmetic; you can take them off and you can change them. And then the penny drops and they understand."

"I use that body analogy when I carry out a house inspection - footings, how they have performed, how the walls perform in relation to the footings, in other words if the footing moves, the wall will crack and then the roof loading that sits on top of it also imposes a load on all that and gives you an overall performance of the footing and the walls.

"Once those things are okay, we give it a structural certification based on performance to date. You still might get minor hairline cracks but they're like cracking skin, they're usually maintenance ... wear and tear."

WHAT ARE THE CONSEQUENCES OF NOT CONDUCTING A PRE-PURCHASE BUILDING INSPECTION?

"What happens if you miss something? You buy what you think is your dream home and then, down the track, this huge structural crack suddenly appears and is going to cost you thousands to remedy ... 'Gee I wish I had seen that before we bought' ... too late! Buyer's remorse you did not want to outlay \$400 for a one hour inspection on a \$500,000 home. What percentage is that of the overall value? How would you feel?"

Encouraged by Peter's up-front style, we ventured into uncharted territory, with the next question...

DO YOUR INSPECTIONS COVER ISSUES SUCH AS WHETHER 'ADD ONS' (PERGOLAS, EXTENSIONS ETC) ARE COUNCIL APPROVED?

"We endeavour to make a comment. However, the question is how do we know whether the structure is approved or not - short of us going to the shire? So what we do is make a note and say 'please check if additions are council approved'.

DO YOUR INSPECTIONS COVER AREAS SUCH AS ELECTRICAL WIRING AS WELL?

"If we have only been asked for 'Structural Only', we will not be checking electrical, but we can add that on if requested. Again, it is really our 'duty of care' to point out if something does not appear to be sound, so we make a comment in the report perhaps saying, 'Before the house changes hands, make sure that you have 2 RCD's, and smoke alarms must be installed and connected to the mains'. It is just a reminder because it is now law, and if these aspects do not comply when homes change hands, heavy fines will be imposed."

HOW LONG DOES A TYPICAL STRUCTURAL BUILDING INSPECTION TAKE?

"Structural inspections usually take about an hour onsite, followed by another hour back in the office compiling the report."

WHAT SORT OF REPORT DO YOU RECEIVE? IS IT A DETAILED WRITTEN REPORT? WHAT DOES IT COST?

"You get what you pay for! We have level one and two reports, Flexi-Choice plus a full deluxe structural report that's \$1,600. But prices range from as little as \$400 for a basic report up to \$2,000.

"The basic structural report is usually returned to the client within 12 hours. It is either the same day, that night or the following morning - 24-hours maximum. The more elaborate and detailed reports take a couple of days because they run to about 40/50 pages for the involved ones."

DO YOU INSPECT A LOT OF NEWLY BUILT HOMES?

"Yes, quite a lot. Once people have signed up with a builder and completed their pre-start interview, any subsequent variation can cost



you an arm and a leg. I recommend that people come and see us prior to, or during the pre-start process. We go through the plans and the contract together carefully and suggest where you might like to make changes before signing the contract.

"I have been in this business for 40 years and, as a registered builder, I know the pitfalls and places where you can cut costs and save. I just point things out, then go through the various stages – brickwork, roof cover, especially at practical completion, following notification from the builder, so that people do not miss anything when final handover inspection is carried out."

DO YOUR INSPECTIONS COVER PESTS AS WELL OR IS THAT HANDLED SEPARATELY?

Once again the reply was short and to the point. No! However, we should point out that Peter did say that if any evidence of pest infestation was obvious during his inspection process, he would bring it to the client's attention and suggest that a professional pest inspection be immediately carried out anyway.

Having dealt with that issue quickly, we moved on ...

DO YOU CARRY OUT COMMERCIAL AS WELL AS DOMESTIC BUILDING INSPECTIONS?

"Yes we do. And if there is anything that requires specific structural or civil engineering expertise we have access to a reservoir of engineers whose services we draw on, because often it could involve issues that are beyond our scope. The process is the same as for domestic inspections."



WE HAVE HEARD ABOUT THERMAL IMAGING INSPECTIONS. WHAT IS INVOLVED? IS IT A SERVICE ALL BUILDING INSPECTORS OFFER? WHAT DOES IT SHOW YOU?

"Thermal is just temperature differential. If you are hot it shows as a red image. If you're cold it is blue, which makes it ideal to use for moisture testing. But then again we use moisture meters anyway which cost around \$500 to \$600, compared to a thermal camera that can cost anywhere between \$4,000 and \$10,000+ for a sharp imaging camera.

"Its optimum benefits are when you are looking for leaks in showers or pipes and also to detect rising damp or electrical faults. The other area I would like to see it being used is on ceilings. If you shine it up on a ceiling and if there are no insulation batts installed you see it as a blue spot.

"We do not do it currently, at \$10,000 or more it is still too much to outlay for a camera. I think it is something that will come into vogue in the future."

WHAT SHOULD YOU LOOK FOR WHEN HIRING THE SERVICES OF A BUILDING INSPECTOR? CREDENTIALS? EXPERIENCE? QUALIFICATIONS? REFERRALS?

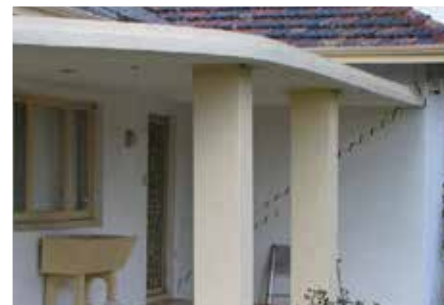
"Definitely, experience. You can have all the credentials in the world, but if someone has not had the industry experience and knows what to look for, you may as well do it yourself! You cannot learn my business from a book. Recommendations or endorsements from other people who have used a building inspector are good too. I am happy for any prospective client to talk to our previous clients. As far as I am concerned, experience, combined with exceptional client service, probably constitutes around 90%."

IS THERE AN INDUSTRY COURSE/ QUALIFICATION FOR BUILDING INSPECTION?

"Not that I am aware of, it is basically on the job experience and, in my case, being a registered builder/building assessor."

IS BEFORE BUYING A PROPERTY THE ONLY TIME YOU SHOULD USE THE SERVICES OF A BUILDING INSPECTOR? SHOULD YOU DO IT REGULARLY?

"Now, that is a good question! We undertake re-inspections after repairs have been carried



out. If we go into a house and find that, say, sections of the roof are structurally inadequate then we would recommend negotiating with the buyer. If they agree to rectify the problem we would come back, take photos and check that the job has been carried out correctly

"Ongoing re-inspections? Yes, it is good practice, especially if damp was found during a previous inspection. I also recommend to people who are selling that they should be proactive and have an inspection done prior to selling so that when the buyer puts in a offer for the building, there are no nasty surprises that could result in a price reduction or delay in the sale of the property."

WHAT HAPPENS WHEN A REPORT IS CONDUCTED AND YOU DISCOVER SPECIFIC ISSUES THAT NEED TO BE ADDRESSED? DO YOUR REPORTS INCLUDE RECOMMENDATIONS OR FINDINGS? DO YOU SUGGEST A COURSE OF ACTION?

"Yes, definitely! Especially if it is serious a issue such as structural inadequacy. We do make broad recommendations, but keep in mind, though, that there are different ways to approach these issues or repairs. In the case of a structural issue, we would usually recommend that the client seeks specific professional advice from a structural engineer."

HOW LONG IS YOUR REPORT VALID FOR? AND ARE THERE ANY GUARANTEES?

"Our report is valid for 90 days, and our reputation and credibility is on the line with each and every inspection we conduct!"

WHO IS RESPONSIBLE FOR REPAIRING OR FIXING ANY FAULTS/PROBLEMS RAISED AS A RESULT OF THE INSPECTION?

"If we uncover issues, it can obviously be used as a negotiating tool, but in my experience,

99% of vendors have the problems rectified. Certainly if it is (remove bolding) structural inadequacy (for example if a supporting beam is missing, or components are over-spanned) we will have to point out the deficiency and say in effect 'It is our recommendation that this needs to be rectified.'"

COULD YOU REPORT STAND UP AS A LEGAL DOCUMENT IF THE ISSUE HAD TO BE RESOLVED IN COURT?

"Absolutely. It has to stand up as a legal document. In fact, we run our documents past lawyers every so often to make sure that everything stands up to scrutiny, especially with structural recommendations."

After that final flurry of questions and answers, putting Peter Huber's building knowledge to the test, we decided unanimously that he was the right man to have on your side when you are considering buying a property. With six franchised, licensed offices dotted around Perth, your peace of mind is not very far away!



PETER HUBER'S TOP 5 PRE-PURCHASE HOME INSPECTION TIPS:

- Always opt for experience over price. In the long run the reward is significant.
- Always ask for pictures, pictures and more pictures (worth a thousand words)
- Involve your building inspector at the outset before you sign a building contract, or during the construction phase or before you make an offer on an existing property.
- It is what you do not see that can cause problems down the track
- At a minimum, always have a structural pre-purchase inspection carried out.
- Consider it as insurance – an investment in your peace of mind!

Pest Control



GETTING RID OF PESTS (OF THE INSECT KIND!) SWAT-A-PEST

You cannot miss Daniel Bremer's distinctive pest control vans. They carry a message that should make all flying or crawling insects and pests quake in their boots – 'If they fly they die. If they crawl they fall'.

A very catchy and memorable message yes, but one that also typifies Swat-a-Pest's commitment to being Perth's pest control specialists.

Daniel's company offers personalised, hands on service to the highest professional standards. Daniel started in the pest control business in 1999 and has also spent time working with Pest Education Services and Training as a teacher, so is a highly qualified pest control practitioner.

Daniel's company is one of only a very small number of Department of Health WA- licensed pest control companies accredited by PestCert in Western Australia.

Swat-a-Pest guarantees to eliminate any existing pest infestations within 90 days of the initial service or the treatment will be carried out again at their cost.

With a guarantee like that in place who else would you trust but Daniel Bremer and his team to eradicate pests around your home?

Daniel Bremer speaks in a very softly spoken combination of American/Australian, a legacy of his US upbringing. But these days, Australia is very much the place where Daniel wages his war against every flying and crawling pest who dares to cross his path.

It is obvious Daniel knows his stuff when it comes to pest control so we decided (to use a baseball euphemism that Daniel could associate with) to go in swinging from the outset:



YOU CAN BUY ALL SORTS OF PEST CONTROL PRODUCTS FROM HARDWARE STORES AND OTHER OUTLETS FOR EVERYTHING FROM ANTS TO COCKROACHES AND TERMITES. WHY USE A PEST CONTROLLER?

Rather than take offence at our initial cheeky 'swat', Daniel smiled laconically and launched into a lesson on pest control products:

"Okay, the problem here is that most customers do not know where to place any of those hardware store products. For example, if you have a cockroach infestation, you buy an over the counter bait, stick it in the corners and then wait for the cockroaches to run into the bait box and eat the bait. As soon as you spray surface spray anywhere near that bait, you have rendered it completely ineffective because those baits are an attractant and your surface spray is a repellent and the two conflict.

"So that is one area. The second area is the lack of knowledge of the chemical composition and dangers the use of some of these over the counter products can have when used by non-professionals.

"Recently, a chemical called *Dichlorvos* has become available in Australia and anyone can buy it over the counter. In all probability it will soon be banned, because it is a nerve agent. A client does not know that you are supposed to have a full gas mask and cover all of your skin when you are spraying, because it affects your skin and nerve endings!

"It is potentially dangerous things like this of which customers are blissfully unaware. Another example is rodent bait. If the natural oil from your fingers gets on to the actual bait, rats will not touch it because they can actually sense the oil and instinctively know something is not right.

"So, yes, some things people can do themselves but with many pest control treatments available out there you need to trust these to a professional.

Having had our 'leading' question expertly swatted away, we moved on and asked Daniel our next obvious question:

SO, YOU NEED TO EMPLOY AND PAY A PEST CONTROLLER BECAUSE ...?

"You are getting the expertise, you are getting the qualifications and you are not mixing and matching the chemicals. We had one client who had already spent \$700 on over the counter products unsuccessfully trying to eradicate cockroaches. When she contacted us in frustration, we came in and with one treatment, costing \$200, her problem was solved."

We chanced our arm one more time and tried a slider on Daniel:

DO THE OVER THE COUNTER INSECT TREATMENTS THAT YOU CAN USE AROUND YOUR PROPERTY PROTECT YOU FROM PESTS?

"Yes, there are so called professional outdoor sprays and they come in two or three litre packs for which you will pay \$25. When spraying for spiders, and in order for the job to be effective, we normally use anywhere between 15 to 20 litres. To spray effectively you need to buy 20 litres of product over the counter; therefore it is going to cost you around \$250, and most people do not know where to spray. We have the training and the expertise."

Convinced by this stage that DIY pest control is for amateurs, we got down to the nitty gritty:

WHAT DOES AN AVERAGE INSPECTION COST?

"Prices vary considerably from company to company and the quality of the inspection is commensurate with that variation. You could call ten different pest control companies and

you are going to get ten different types of inspections offered at ten different rates."

WHAT SPECIFICALLY SHOULD YOU ASK FOR WITH AN INSPECTION?

"From a consumer perspective, the first question I would ask is 'How long does your average inspection take?' Then 'What does the inspection include?' because there are different standards and there are different levels of inspection."

EVEN IF YOU FIND NOTHING DO YOU STILL CHARGE AN INSPECTION FEE?

"Yes. Even when there is nothing found on the property, and no chemicals were used, at the end of the day we have still provided a service to the homeowner. We are required to carry indemnity insurance which is very expensive hence the need to charge a flat rate ...regardless the size of your house."

WHAT IS YOUR OVERALL 'DUTY OF CARE' AND PROFESSIONAL OBLIGATION TO CLIENTS?

"All pest controllers fall under *duty of care* and *duty to warn*. For example, if we are carrying out a termite inspection and we see loose electrical wiring in the roof, by law we have to report that to the homeowner under our *duty to warn*. There is a lot that actually goes into an inspection and even though we are not experts in those other fields, if we notice anything out of order, we are obliged to bring it to the homeowner's attention."

AS AN EXAMPLE, WHAT WOULD YOU BE LOOKING FOR IN, A TYPICAL 4 X 2, SINGLE STOREY HOME?

"Sure. I should mention that this is a visual inspection only; the Australian Standard is very specific on that. We are not allowed to take a screwdriver and bang on all the walls, or poke into skirting boards or do any sound testing unless notice that something is out of order.

"The first thing we do is look at all accessible timbers on the property. This may be your skirtings, cornices (because these are made from compressed cardboard, which termites love), window and door frames, kitchen and laundry cupboards, all the timber in the house.

"Next we venture into the roof and inspect all the roof timbers. Then we head out and go around the exterior of the home, checking all the timber that we can see."

IF YOU SEE SOMETHING WILL YOU RECOMMEND FURTHER INSPECTION AND THEN QUOTE ON THAT?

"It depends, if it is out in the garden, it can be quite straightforward. If however, we detect that there are termites inside the house, then it becomes more involved. We have to work out how they are getting into the house, what species they are, what the likelihood is for further damage plus a plan of attack to eradicate them."

WHEN YOU SAY DIFFERENT SPECIES, WHAT DOES THAT MEAN? HOW MANY DIFFERENT TYPES OF TERMITES ARE THERE? ARE SOME MORE VORACIOUS THAN OTHERS?

"In Perth, you are probably looking at between five to eight different common species, depending on your definition of 'common'. The *Coptotermes acinaciformis* (or *subterranean termite*) is the one that causes the most damage to Australian homes."

DO ALL TERMITES LOOK MUCH THE SAME?

"You have different 'families' of termites. Within that family it can be quite difficult to distinguish the individual species, but between different families, the difference is quite noticeable."

ARE TERMITES STILL A MAJOR CONCERN IN WESTERN AUSTRALIA? ARE THERE AREAS THAT ARE MORE SUSCEPTIBLE THAN OTHERS?

"Not necessarily. That's a tricky question, because as soon as you say 'yes', then people are going to want to know where and if they are buying a place that is not in one of those areas, they may believe they will not be susceptible to termites. The truth is that every house is susceptible to termite attack."



ARE SOLID DOUBLE BRICK HOUSES SUSCEPTIBLE TO TERMITE ATTACK?

"Even more so, because the older houses were built on timber stumps and were treated with *dieldrin* or *heptachlor* and in many of these houses there is still residual *dieldrin* underneath, protecting the house. Whereas with newer homes that are built on a concrete slab, they have had biodegradable chemicals sprayed underneath and after five to 10 years, there is absolutely nothing left."

"That is when the termites eat their way in, they only need a hairline crack (usually around the exterior of the home) to work their way through the brickwork or walls that have cracks in the foundation."

I have even seen them crawl right up the outside of the brickwork, way up into the roof. They can virtually work their way in and around anything."

AS PREVENTION IS BETTER THAN CURE, HOW OFTEN SHOULD A HOMEOWNER HAVE A PEST INSPECTION?

"It all depends on the actual construction of the house and whether there is a protective barrier in place. If you have had a protective barrier installed or had termite treatment previously, Australian Standards says once every 12 months."

"If you do not have any protective measures in place, you would want to have a pest inspection more often - at least three times a year, so that termites do not have the chance to cause major damage to your home."

IS EXTERNAL TREATMENT DIFFERENT TO INTERNAL TREATMENT FOR TERMITES?

"Yes. Internal treatments are quite rare in Perth, because an internal treatment would involve hauling all your carpet up and actually drilling around the internal walls as well as the external walls. Usually, internal treatment is not for termites; it is generally for spiders, cockroaches and silverfish and the external treatment is drilling in the ground all the way around the house - they are completely different treatments."

WHAT TYPE OF HOMES ARE MORE EXPOSED TO TERMITES?

"Those at the higher risk are those built on a concrete slab. Simply because once the slab is put down you can't put the barrier underneath the slab anymore."

SO A BARRIER TREATMENT AT THE BUILDING STAGE IS REALLY WHAT YOU SHOULD BE DOING?

"Yes, but after 10 years there is nothing left and that is cause for concern."

CAN YOU PUT NEW BARRIERS AROUND EXISTING HOMES?

"You can, but you cannot place it back underneath the slab once the house is built. There are options, for example you can put a reticulation system underneath the house when it is being built and there are companies that specifically do that."

SO A BAIT STATION REALLY IS THE WAY TO GO?

"For long term protection, definitely."

WHEN YOU INSTALL A BARRIER CONTROL IS IT GUARANTEED FOR A PERIOD OF TIME?

"Yes, it all depends on the product, chemicals have a shelf life - for some it is three years, others from five all the way up to 10 years. Some companies just use a repellent which probably only works in about 5% of the houses in Perth, which is why houses that were treated only with repellent still get attacked. I would estimate that about 95% have been treated with repellent."

WHAT IS THE DIFFERENCE BETWEEN REPELLENT AND NON-REPELLENT TREATMENT?

A repellent repels the termite because the termite can detect it. The same way a termite detects that there is a chemical they can also detect where it is not."

"Say you have a house where the concrete butts up against the home and we are drilling through the concrete and injecting underneath the concrete. There is no way we can know if the chemical cover is perfect underneath. You will have rocks, beer bottles, all sorts of debris that will impede the spread of the chemical."

"What ends up happening is people put a repellent barrier around, and all it does is just

tells the termite hey ... instead of attacking here it is okay to attack over there."

"The preferred treatment would be a non-repellent which the termite cannot detect. For a termite to find a non-repellent gap they would have to get very lucky. It is still possible, but use a repellent barrier and be prepared, because you are actually showing them the way in!"

"With a non-repellent, it kills the termites once they forge through, but the termite has no idea where it is and where it is not. If you cover 99% of a house with a non-repellent barrier, they would have to get very lucky to find that one percent gap."

IS THERE A COST DIFFERENTIAL COST BETWEEN THESE TYPES OF TREATMENT?

"A non-repellent treatment is more expensive. For the average house with a concrete slab you would be paying around \$1,400. If it is a timber floor home, and you are paying anything less than \$2000 your contractor is probably cutting corners somewhere, unless it's of course it is a small place."

APART FROM TERMITES WHAT ELSE DO PEST CONTROLLERS LOOK FOR OR TREAT?

"When someone is buying a house, the pest inspection Australian Standard say that we have to look for termites, borers and fungal decay. Borers are your beetles that eat the wood, and the fungal decay is obviously water seeping into and decaying the timber."

WHAT ELSE CAN AFFECT THE TIMBER IN THE HOME?

"There is also a process called *delignification* (also known as 'hairy timber' and 'defibrosis') and it is officially recognised as a 'pest in timber'. When we have gone into roofs that have had chemical *delignification*, the affected



timbers need to be replaced. Timber has a cell structure that holds it together and *delignification* is when that cell structure starts to break down and the timber, which was once solid, becomes very fibrous.

"It has something to do with the salt and moisture in the air that gets trapped in the roof void. If there is lack of ventilation in the roof, and if you have exhaust fans from your bathroom and kitchen continually blowing the hot moist air into the roof, it gets trapped and it settles onto the roof timbers and, over time, the timber starts to soften and the cell structure breaks down."

SO SHOWER AND OTHER VENTS SHOULD VENT STRAIGHT TO THE OUTSIDE AIR AND NOT INTO THE ROOF SPACE?

"Straight outside, definitely not into the roof space."

Now warming to our pesty subject, we moved on to other types of pests:

ANTS ARE DIFFICULT LITTLE PESTS AREN'T THEY?

"The problem with ants is that they can cover a 30-acre radius and they could have 300 million ants in the colony. So you get called out to one house and what you really need to do is treat the entire suburb!

"Having said that there will be hundreds of subsidiary nests and that is where we start to treat them."

WHY IS IT THAT WHEN RAIN IS LOOMING, WE GET ANTS MIGRATING TOWARDS THE HIGHER AREAS AND INSIDE THE HOUSE? IS IT BECAUSE THE NEST GETS FLOODED?

"It could be or it may be that they are searching for food, because when it is raining

they are not going to come out and about. So if they know it is going to rain they will just look for extra food to put into storage."

DOES THE TREATMENT YOU USE FOR ANTS INVOLVE THE BAIT BEING TAKEN BACK TO THE NEST WITH THE AIM OF DESTROYING IT? ARE ANT TREATMENTS DESIGNED TO WIPE OUT THE WHOLE COLONY?

"Usually, but it depends on the species and the location. With ants, all treatments are designed so that they go back to the colony and wipe it out, the same as with the termites. What happens is that as the poison takes effect there are no more workers to look after the babies or to feed the queen, so the colony just dies out.

"Ants are one of those pests that people try to get rid of on their own, using all sorts of 'remedies' like talcum powder. You smile because you know that there is 300 million of them out there and such treatments only just scratch the surface."

TELL US ABOUT WASP INFESTATION?

"Wasps are fun!"

Really? We thought they were just nasty little flying pests whose sting was like a hypodermic needle!

"There is a brand new product that was launched recently that is absolutely fantastic. It enables you to spray them safely from a distance."

"Wasps are another one of the pests that people try to treat on their own and it is not until they've been stung that's they call us!"

With pests out of the way, we shifted our focus to how you pick the right pest controller:

THERE ARE OVER 500 PEST CONTROLLERS IN PERTH. IF YOU NEED A PEST CONTROLLER WHAT SHOULD YOU BE ASKING? QUALIFICATIONS? DO THEY BELONG TO AN ASSOCIATION?

"There are two different associations – AEPMA, which is the Australian Environmental Protection Management Association and the other one is Pest Cert. The AEPMA is the industry's recognised association. If you are in the industry you can become a member and you just pay your fee. With Pest Cert you actually have to go through an auditing process and prove that you do everything to the

gazetted standards and you are not a cowboy."

HOW THEN DO YOU DECIDE ON A COMPETENT PEST CONTROLLER?

"There are two important factors. First and foremost, I would want to know their qualifications and not necessarily their experience. An operator who has been in the industry for 20 years or more may never have gained the qualifications to use the chemicals we use today, in which case the homeowner would be wasting their money.

"Next is indemnity insurance. Two out of every three operators in Western Australia are not insured; they just take the chance because the premiums are so expensive. What that means is, if you have a termite treatment carried out by an uninsured company and termites get back in, they can say 'take me to court, I will just declare bankruptcy and you will get nothing anyway'. I would say qualifications and insurance would be the two major factors."

SHOULD THE HOMEOWNER ASK TO VIEW A PEST CONTROLLER'S INDEMNITY INSURANCE CERTIFICATE?

"Ask to see their insurance certificate and qualifications too. I would also urge the client to do a little bit of their own research, especially if they need termite treatment. They can go online and find the label of the product being recommended for treatment and then check to see if the pest controller carries out the job as per instructions."

Now in information overload on all things pest related, we asked Daniel the 'Sixty Four Dollar Question':

'PREVENTION IS BETTER THAN CURE', SO CAN YOU RECOMMEND A SPECIFIC PROGRAMME YOU OFFER AND WHAT THAT WILL COST?

Here was Daniel's chance for the big Swat-A-Pest Sell:

"We call our programme *Platinum Life* and we think it is fairly unique in the industry. It involves proactively treating all the pests that commonly occur around your house, for life. The idea behind it is that we visit your home every three months and just top up all the different treatments around your home as needed to make sure that the pests stay at bay."

WHAT IS THE COST OF PLATINUM LIFE COVER?

"It is \$33 a month which, in effect, means that for \$99 a quarter you have guaranteed cover against 33 different pests. This is a cost effective programme for both the homeowner and us. We do not have to come in and spray 15 to 20 litres, when a top up of just five will do. It saves the environment, is a more targeted and effective form of treatment as we are treating proactively instead of reactively.

"But best of all, you will not have to worry about insect pests taking over the place ever again. With Swat-a-Pest around, 'If they fly they die. If they crawl they fall!'



DANIEL'S TOP TIPS FOR PESTS

- Make sure your pest controller is insured and has the relevant qualifications to use the chemicals involved. Do not base your decision on experience alone
- With termites use a non-repellent form of treatment instead of a repellent
- Moisture is a major problem, especially in the roof. Vent all extractors outside not into the roof space
- Do not have any pest treatments carried out if someone in the family is pregnant, especially during the first trimester of the pregnancy. If treatment has to be carried out, they would need to stay away from the house for at least 8 hours
- Be careful when using over the counter pest control products. Take the time to find out the chemical composition and its possible harmful effects. Closely following the instructions on how and where to use these products
- Prevention is better than cure. Consider implementing an ongoing, proactive protection plan



Auctioneer



THE PERSUASIVE POWER OF THE AUCTION

ALAN BOURKE - BOURKES

Real Estate Auctioneers are a rare and special breed – and while many agents may have invested time and money in becoming licensed, few actually practice the art by calling auctions, in front of a motivated audience, with a real property on the line.

Alan Bourke is one such highly respected auctioneer who, as a Past President of REIWA, not only calls auctions for his own firm, but regularly acts for other agencies across the Perth metropolitan area. “When I started running my own agency, one of my first appointments was to auction some government property, so in many ways, auctioneering was generally expected of us in those days. Every auction is different, and this first one in my 30 years of experience, happened to be one of the funniest I have ever conducted.

“Once I had quietened the crowd, a dog strolled forward and relieved itself on the house. Fortunately I had the presence of mind to say ‘Madam, stop trying to undermine the value ... we know the value of this property!’ And everyone laughed. So showmanship, physical presence, quick thinking and ready wit definitely play their part. There is edgy excitement when you handle an auction well and there is a lot of bidding. I do not think there is any greater buzz in real estate than that!”

Sitting down with Alan Bourke, and talking about one of his favourite subjects in real estate, has been an interesting and rewarding experience. This is what he had to say:

IS SHOWMANSHIP AN ESSENTIAL QUALITY IN A REAL ESTATE AUCTIONEER?

“Showmanship involves taking control and guiding the process. The best auctioneers are engaging, entertaining and reduce buyer stress through clear communications and

being prepared. If you conduct the auction with consummate ease, without stumbling on words, making light of a tense situation and having a little bit of fun without being a show pony, you do relax the crowd and they feel more engaged. Engagement is the key to the whole thing.”

WHAT ELSE SEPARATES A GOOD AUCTIONEER FROM THE REST?

“An intuitive auctioneer can see where the bidding is going to go, and has a gut feel about when there is a bit more money available. That is when I come up with a few tried and tested phrases such as ‘Right Sir! We are not quite there. Let us go and check the back of the sofa!’ Sometimes it pays to pause the auction and have a quiet chat to the buyer. Some people do not want to be in the spotlight - they want to do it quietly, and there are different ways of getting a bit out of a client to reach or exceed the reserve.

“It is part of the thrill when you are close to the reserve you know there is a bit more out there. Sometimes it is not a competition with the crowd; it is just you and the buyer, and you get the job done!”

HOW CAN YOU TELL THAT YOU HAVE GOT GENUINE BUYERS IN THE ROOM. IS IT AN INTUITIVE FEELING? ARE THERE SIGNS YOU LOOK OUT FOR?

“Generally the 15 minutes prior to the auction will give you some classic clues. You can see who is giving it a really strong ‘once over’ and

a lot of it is in the look. Sometimes buyers start with a bold statement of intent, but more often than not they hang about at the back and monitor the crowd to see who they are bidding against. Then they will step forward at an appropriate point with a bid. It is rare to get a big bold bid at the start but occasionally someone will do it in the middle of an auction and try and blow the opposition away. Generally most people hang back and then raise a tentative finger, and you can see quite a bit of conferring going on between husband and wife or partners.”

IS WESTERN AUSTRALIA LESS OF AN AUCTIONEERING STATE THAN OTHERS?

“Yes! In Victoria and New South Wales there has historically been a 48 to 72-hour Private Treaty cooling off period when you can change your mind and just walk away from the transaction without any redress – we do not have this in Western Australia. The only exception on the Eastern seaboard is auction and now it has become a tradition and normal modus operandi in Melbourne and Sydney. Auctioneering is rarer in Western Australia, which is a pity because it can be a very effective way of making a sale without the usual delays.

IS IT TRUE TO SAY THAT CERTAIN PROPERTIES ARE MORE AUCTIONABLE THAN OTHERS?

“Historically, it comes down to high demand and low supply, or that the value is not accurately known. There are basically three main ingredients; limited supply, high demand and unknown value and those make for a perfect auction. Sometimes it is just a highly motivated seller with a willingness to meet the market. It does not have to be limited supply - it can be normal demand and even if the price is well known, the seller can be asking for \$500,000 and willing to take \$490,000. You know you have got yourself an auction and you have got yourself a sale!”

IN THAT CASE, SHOULD SELLERS ALWAYS CONSIDER THE POSSIBILITY OF AUCTIONING THEIR PROPERTY?

“That is a good question, and there has been at least one case in the United Kingdom where a buyer of a terraced home successfully sued an agent for not suggesting auction when a property just like it up the road sold at auction

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shortly after for GBP100,000 more. It could happen in Australia, and it is remiss of any agent to just dismiss auction out of hand because they do not really know the whole process of auctions.

“Auction should be part of the knowledge base of the real estate agent and the ideal criteria for the vendor is when there is a real time limit to be managed. Maybe they have to move into a home that they are building or a retirement home and there is nothing worse than putting it to private treaty, awaiting an offer and then finding that the finance falls through at the last moment and you are right back to square one again.

The benefit of auction is that you are dealing with cash unconditional people first - either before auction or on the day - and if it is passed in, then there are avenues open for normal private treaty negotiation after that time.”

WHAT ARE THE PENALTIES FOR GOING TO AN AUCTION, WINNING THE BID AND THEN FAILING TO COMPLETE?

“They are quite onerous. A lot of people think that if they do not pay the deposit then the deal is not done. That is a default provision in its own right. The minute you do not pay the deposit you have 48 hours to rectify the situation after which the owner can sue you for putting them back in exactly the same position as they were before. For example, suppose the person bid at \$500,000, failed to complete and the vendor had to resell the property for \$470,000, then the vendor would be awarded the difference of the \$30,000 plus any legal costs.”

WHAT ABOUT THE SITUATION WHERE SOMEONE HAS A PRE-APPROVAL FROM THE BANK, THEY BID IN GOOD FAITH, BUT WHEN THE BANK VALUES THE PROPERTY IT DOESN'T ACTUALLY MEASURE UP AND THEY CANNOT COMPLETE?

“In that situation, it is essential for any serious bidder to get a licensed valuation before bidding. The onus is always on the bidder to take all necessary steps to cover their position. A property valuation usually costs in the region



of \$400 to \$500, so that is money well spent to prevent an expensive mistake."

I HAVE HEARD IT SAID THAT, THE SUCCESS OF AN AUCTION OFTEN RESTS ON THE WORK DONE BY A REAL ESTATE AGENT IN MARKETING THE PROPERTY PRIOR TO THE AUCTION.

"That is generally true, and in many cases it is the same person - the listing agent is the auctioneer. A lot of behind the scenes work goes into selling a property at auction - promotion, advertising, and smart marketing a month prior to auction day, qualifying prospects and educating buyers. Follow up is essential to ensure that interested people do attend on the day, and the auctioneer needs to be briefed about people who are likely to bid. The listing agent/auctioneer will also need to confer with the seller just before the auction to work through a strategy as to where it starts, where it holds, where it closes and sells. Some people will float to a certain level, while others will go a little higher, so we may hold the auction at that point and have a chat to those people. There is quite a science and strategy to a successful auction, and a lot of it has to do with the original groundwork rather than the just the auctioneer."

IS THE MARKETING OF A PROPERTY TO BE AUCTIONED DIFFERENT TO THE WAY IT WOULD BE MARKED BY PRIVATE TREATY?

"In the case of auctions, we promote the motivation of the seller, we focus on their need to sell and the urgency of sale so that the buyers sense that there will be a result on the day. In contrast, a normal private treaty is all about the wonderful bedrooms, bathrooms and the environs, and we tend to promote the property more than the urgent need to sell."



IS IT A GOOD TACTIC TO UNEXPECTEDLY COME IN FROM LEFT FIELD AND BID RIGHT AT THE END WHEN THE HAMMER IS RAISED FOR THE LAST TIME?

"It often happens. For example, we had one in Cottesloe, where I had called two times, and at the last moment, a new bidder arrived and there were 26 bids of \$1,000 after that point. In the end it was the original buyer who placed the winning bid however the new bidder was the neighbour and the neighbour did not want anyone to know he was interested in the property. Tactics certainly do apply, and there are also cases when bidders leave it far too late and miss out."

DO AUCTIONEERS HAVE TO WATCH OUT FOR CUNNING TACTICS BY BUYERS?

"Yes, sometimes buyers try to fluster the auctioneer by bidding silly amounts such as \$833,176 and 36 cents. That is a deliberate ploy to slow down the process, because one of the most dangerous things for a buyer is momentum. An auction gaining momentum is rather like an avalanche - once the auction is in full swing it is going to be extremely difficult to slow it down. So an astute bidder will try and stop the process by putting in odd bids, bidding backwards and querying details of the property. It is a standard process, as an auctioneer you just get ready for it!"

IF I DECIDE TO AUCTION MY PROPERTY, WHAT IS THE PROCESS?

"Most auction marketing is over a four to five weekend period and normally you have at least two viewings per week at different times. Normal marketing applies - you would have good quality photos and brochures, signage, web presence whether it be REIWA or www.realestate.com.au and your own website. You try and organise editorial with *The West Australian* and *Sunday Times*. You sit down with the owners in advance and work out the best time to hold the auction, and sellers will need to prepare the home for all the opening times, and the auction itself. Most campaigns cost between \$2,000 and \$3,000 and if it does not sell on the day, you have invested that money in the auctioneer since there are no guarantees in life. But the beauty is you have sourced 30 or 40 people who have been through the home and you can go back to them."

WHAT DO BUYERS AND SELLERS NEED TO KNOW ABOUT THE RESERVE PRICE?

"This is usually a matter of negotiation between the agent and/or the auctioneer and the vendor and then we talk about 'holding over'. Holding over is a relatively new concept - instead of everyone going home when the reserve price is not met, if there is a live bidder you hold over, talk to the buyer and the seller and try to negotiate a deal in a side room - often with the remains of the crowd milling around in the background."

THE PROPERTY HAS NOT SOLD, BUT YOU SENSE THERE'S A DEAL TO BE DONE BY KEEPING THE AUCTION OPEN. WHAT ARE THE OPTIONS?

"If the listing agent and/or auctioneer has some form of relationship with the potential buyer, you can have a chat to them and say 'OK, I know you have stopped there, and that is a good strategy but you have not bought it. You have beaten the runner up - but you have not beaten the seller whose expectation is in excess of \$XYZ. What can you do to sweeten the deal so we can sell it to you today?'"

"That is a great advantage for the buyer because they are buying under the terms of auction with limited competition. The minute the property gets passed in, anyone with finance, or anyone with 'subject to valuation', 'subject to sale', can turn up and give an offer. Quite often, we will have people waiting in the wings crossing their fingers that the auction does not succeed so that they can bid later. Once I explain that to a genuinely interested buyer it is often enough to finalise the sale if they can find the additional funds."

IF YOU ARE AN INEXPERIENCED BIDDER, IS IT A GOOD IDEA TO ASK A SEASONED AUCTIONEER TO BID FOR YOU?

"It is worth thinking about because there is quite a psychology in bidding at an auction and it comes down to educating the buyer who is attending an auction. These are the key points that you have to get across:

- You need to impress on them that they should buy at auction and not wait to see how it all works. Let us say there are 10 potential buyers of which only one or two can bid under the auction terms. This is the opportunity for a cashed up buyer to take out almost all of the opposition and

strike a deal with a motivated seller. Some people are naturally shy, nervous and resist bidding in the hope that they can strike a deal later. Bidding at auction means that you eliminate almost all of these other interested parties.

- You need to find out if buyers have ever bid at auction before, and usually 90% of them never have. So, when you know that you have a qualified and interested buyer on your hands, you can talk them through the tactics of bidding at auction - taking an aggressive proactive position and bidding early, responding to other bids quickly and with an air of confidence to indicate deep pockets, unsettling the auctioneer with strange bids to slow down the process, and bidding at the last moment before the hammer falls for the third time.
- Buyers and sellers should understand that auction is a transparent process where the market decides where the price of the property should be - unlike Private Treaty where sellers can never be sure if they should have held out for more money or not."

WHAT OTHER CLASSIC BENEFITS ARE THERE FOR GOING TO AUCTION?

"At an average of 42 days versus 79 according to recent statistics, auctions generally result in faster sales - and time is often more important than money.

Securing a deposit from a cash buyer at auction means that the seller can get on with his/her life and plan the next steps without further delay. Private Treaty simply does not deliver this option.

In negotiating an auction, the price goes up. The reverse is usually the case with Private Treaty.

Auction stops procrastination and often motivates a buyer to make a decision when they would otherwise be tempted to hesitate for weeks. It does precipitate a decision.

An auction actually offers three separate opportunities to sell the property - prior to, on the auction day and after. It basically says to the buyers 'I just want to deal with cash people to start off with, and if that's not successful then I'll deal with the subject to finance later on.' That is a powerful position to work from."



ALAN'S 'TOP TIPS' FOR PEOPLE CONSIDERING GOING TO AUCTION:

- If you are going to use a particular auctioneer, go and see them at work, just to get a feel on how they handle the process, because each auctioneer is different. Test the depth of their experience and that of the listing agent.
- For sellers, do not get too hung up about the reserve price. With the 'holding over' process, the reserve can be adjusted, so it is important to have clear lines of communication with your listing agent and/or auctioneer.
- Buyers should understand that variations can be negotiated to the standard contract. For example, the auctioneer may open with 'settlement is in 30 days', but if that does not work for you, you can say 'I would love to be bidding, but I do not have settlement on my house for 40 days and I would like to see if the standard contract can be varied'. With the agreement of

the seller and the auctioneer, this may be possible.

- When going to an auction with finance pre-approved, it is vital that you get a bank-approved valuer through the property before you bid, so that you know you can go unconditional upon the fall of the hammer, rather than take the risk of a valuation not coming up to par.
- Finally, be aware that there are ACCC-enforced fines of \$40,000 for false bidding (taking dummy bids from rose bushes, plant pots etc.) The auctioneer can quite legitimately use strategic 'vendor bids' to encourage other people to bid beyond that number, and they also reinforce the price that the seller will then ask. Say that price is \$500,000, you will probably park the bidding with a vendor bid at \$475,000 - and then, if people ring in you can say "We got to \$475,000 on the day; the owner is asking in excess of \$500,000 so all offers over \$499,000 will be considered". That strategy does not taint or depreciate the property, and if used appropriately, reinforces the asking price.

“There are basically three main ingredients; limited supply, high demand and unknown value and those make for a perfect auction.”

Legal Advice



BEING 'JURIS PRUDENT' WITH PROPERTY CHARTHILL LEGAL

Jules Lewin gained his legal experience as a property law specialist, practising in Johannesburg, in his native South Africa.

Migrating to Perth in 2003, with his family, Jules re-qualified as an Australian lawyer in 2004. He operated a boutique settlement agency until 2010, when he saw an opportunity to broaden his market by offering additional specialist legal support and advice on property. The result was Charthill Legal, a company offering a wealth of experience based on over thirty years' legal experience, in property and business sales transactions, acting from both a buyer and a seller's perspective.

Charthill Legal offers its clients advice on a range of property related matters, that include wills and probate, general legal advice, business dealings, shareholders and company agreements plus related party settlements.

A published author in South Africa on buying and selling property, Jules' services are in demand as a lecturer and speaker on various settlement and legal topics, including changes that are occurring in the area of property settlement.

Jules' mantra for Charthill Legal is to provide relevant advice to clients on issues and outcomes based on sound practical advice and he derives immense pride and pleasure from helping people resolve legal matters regardless of their financial situation.

Jules Lewin is well-versed in property and the law so we opened with a question that is relevant to more and more people in today's working environment and encompassed both legal and the practical aspects:

IN WHAT WAY CAN AN ASTUTUTE LAWYER ASSIST SOMEONE STARTING OUT WITH A SMALL OFFICE/HOME OFFICE?

"The first thing I would do is to contact the local shire where your home office is going to be based or visit their website to determine local requirements and bylaws, because every shire is different.

"But before you even take that step, speak to an accountant about what you can and cannot claim. I work from home, and have a small office and my accountant is telling me that I can claim 20% to 30% of my electricity costs for starters. You would be surprised what you can claim for working from home (and what you cannot claim too). You should also speak to the shire if you are planning on erecting signage of any kind.

Most shires will let you put signage up as long as it is within your property boundary."

DO YOU HAVE TO BE LICENSED TO RUN A BUSINESS FROM HOME?

"It is worth advising the council that you plan to run a business from home as some have different rules to others. In addition, you obviously need to apply for business licence registration, as you would with any normal business. However the number of people you are allowed to employ is restricted, along with the number of cars permitted on the property. Every shire council has different rules, so their restrictions will vary depending on housing density and the size of your block."

WHAT BASIC LEGAL DOCUMENTS SHOULD SUCH A BUSINESS CONSIDER? FOR EXAMPLE AGREEMENTS, PROCEDURES, TRADING TERMS THAT SORT OF THING?

"I think the structure would be important. Are you going to conduct business as a sole trader, or through a company, or perhaps under a discretionary trust or a unit trust?

"If you are running a business where employees are involved, you will need the employment contracts, policies and procedures and public liability cover as well as general insurance."

IS IT IMPORTANT TO HAVE A SHAREHOLDER'S AGREEMENT, IF YOUR OTHER SHAREHOLDER IS NOT YOUR SPOUSE OR A MEMBER OF THE FAMILY?

"Any business, regardless of being a family structure or not, should have a shareholders' agreement. Typically, it will set out how much money each party contributes to the new entity, what joint and individual duties and responsibilities are, wages and expenses and clauses to cover a series of eventualities. For example, what happens if one party wants to retire or sell out their share of the business? This is usually covered by a pre-established formula based on an independent, professional assessment. An agreement like this saves a lot of problems and hassles down the road because it is all laid out clearly in black and white and agreed to by all parties involved."

ARE YOU ABLE TO PROVIDE ADVICE ON SUCH MATTERS AND ALSO DRAFT A SHAREHOLDER'S AGREEMENT?

"Yes, depending on how the company is structured, it could require a shareholders' agreement, a unit holder's agreement, between unit holders, a unit trust or just a straight partnership agreement."

Probing a little further, we threw out a curly one to Jules:

LET US SAY FOR EXAMPLE THAT ONE OF THE PARTNERS IN A BUSINESS HAS A SPOUSE WHO HAS NEVER HAD ANY INTEREST IN THE BUSINESS. THE PARTNER DIES LEAVING THEIR SHARE OF THE BUSINESS TO THEIR SPOUSE. REALISTICALLY, THAT SPOUSE WOULD INHERIT A SHARE IN A BUSINESS THAT THEY KNOW NOTHING ABOUT AND TO WHICH THEY CAN BRING NO WORKING CONTRIBUTION OR RELEVANT SKILLS.

"This is exactly why there has to be a clause in the agreement stating something like 'the surviving partner has the option to buy their share from the deceased partner, and if they do not realise or carry out that option within say 60 days then it is put on the open market.'"

But Jules was not finished with the agreement issue just yet and added:

"There is an important issue here and it is not a legal issue. It is essential to have a professional business plan in place at the

outset, because a business plan is the key to establishing a successful business and, in addition to financial and marketing strategies, should include provisions for the sale or merger of the company, death of shareholders plus an exit strategy – that is a very important element to address. And it should be reviewed and updated regularly as the business grows and changes shape."

We next raised an important issue that can often prove the downfall of any small business, including one run from home:

AVOIDING ISSUES WITH BAD DEBTS - WHAT PROCEDURES AND PRECAUTIONS WOULD YOU ADVISE? "The first thing I would advise is to draw up your terms and conditions of conducting business. As an example when you enter into an agreement with a solicitor we have to have what is called a 'Cost Agreement'."

"You might have a sophisticated client and a non-sophisticated one. So you develop separate terms for each. These terms and conditions should identify what you as a supplier will need to do and what the client will need to do and of course setting up terms of payment for example, 50% deposit, C.O.D or 30 days."

DIRECTORS' RESPONSIBILITIES ARE QUITE ONEROUS; WHAT ELSE WOULD YOU ADVISE IN THE SETTING UP A NEW COMPANY AND WORKING FROM HOME?

"When you are appointed as a director of a company you need to understand that you are the representative of that company. You should never sign a document without first reading and a full understanding of its meaning. It is not an excuse in the eyes of the law to say you did not know or understand the meaning of what you were signing."

Unfortunately some people take their responsibilities as a director too lightly and do not have adequate knowledge of what those responsibilities entail. If you enter into a contract knowing that your company is trading insolvent, then you are liable to face criminal charges."

HOW IMPORTANT IS IT FOR EVERYONE TO LEAVE A LEGAL WILL?

"If someone dies 'intestate' the law will then administrate to decide how that person's estate will be distributed. The estate could then be inherited by those for which it was never intended. If you are entitled to a share of that person's estate, then you will need to apply for Letters of administration to the Supreme Court or the Probate Office."

"Up to 70% of Australians do not leave a legitimate legal will. Unless yours is a household name, it is a very easy, uncomplicated process, that usually costs somewhere between \$300 and \$1,000 to execute depending on your assets and how you want them disbursed."

Although there are lawyers who specialise in wills, any qualified solicitor can draw up a will or you can buy a kit and do it yourself. Although, if you have assets I would recommend using the services of a legal consultant."

Moving on to more general legal property matters, we asked:

WHAT IS THE DIFFERENCE BETWEEN A SETTLEMENT AGENT, A CONVEYANCER AND A LAWYER?

"A settlement agent (now becoming more commonly known as a conveyancer) is covered by the Settlement Agent's Act, which involves a strictly governed process."

"Conveyancers cannot, and do not, get involved in the legal process and should anything untoward arise, they usually recommend that you seek legal advice."

"If, for some reason, the cash buyer of a property fails to complete the sale, technically speaking, the seller should consult a lawyer and have them issue a default notice to cancel the contract, the buyer will then forfeit their sale deposit and may even be sued for damages."

"Or say for example, there is a tenant leasing the property and they are still there when settlement takes place, there is a legal process

that needs to be put in place that recognises the buyer's and seller's rights, as well as the tenants. For example have they been given due notice of the sale? Do they still have an existing valid lease and are they being unfairly evicted? Things like this can open a can of worms and delay settlement indefinitely."

"Generally speaking, not that many lawyers handle settlements, unless they have a separate specialist conveyancing division and virtually no settlement agents practice law! But the two work hand in hand to ensure you secure your property."

We decided to change tack a little and raise a pretty common property issue – disputes.

LET US TALK ABOUT THE VARIOUS DISPUTES THAT CAN ARISE IN TERMS OF PROPERTY. EVERYTHING FROM FENCE DISPUTES TO OVERHANGING TREES AND TRESPASS.

"Excellent topic and one that is very diverse and interesting. Let us start with a situation where someone sells a house and, in the interim, the copper pipe for the taps and hot water system has been stolen or there is a storm that should normally be covered by insurance claims. That would not necessarily have to delay settlement, because the onus will be on the vendor to rectify the situation, as settlement has not yet taken place."

"Another dispute that can arise is that a swimming pool is not fenced or there are no RCD switches or smoke alarms. The law says that the sale cannot proceed without these issues being rectified by the seller."

"Unfortunately you will get unscrupulous types who will try to circumvent the law by inserting a clause in the contract, indicating that the buyer acknowledges there are no RCD



switches or smoke alarms fitted or that the pool is not fenced. That is illegal! Swimming pools, including spas, have to be securely and safely fenced as well as being council approved.

"Dividing fences is another difficult topic. If the neighbour does not want to pay their share of a dividing fence and you cannot resolve the issue through negotiation, you have the option to take your case to the local magistrate's court. You first go through mediation by a court-appointed representative and if you still cannot resolve the issue, the small claims court is the next step.

Speaking from experience, we asked:

WHAT ABOUT BARKING DOGS WHICH CAN BE VERY ANNOYING?

"That's Nuisance and the Council deals with those issues. If that provides no relief, I would have a letter written by a lawyer threatening with 'Nuisance'. A *legal nuisance* involves a substantial, unreasonable and repeated or ongoing interference with the use or enjoyment of a neighbour's land (examples include smoke, smells, noise and overhanging trees).

"A court can decide what is substantial and unreasonable and this will often depend on the nature of the local area. For example, noisy or smelly factories will not normally be regarded as causing a nuisance if they are sited in industrial areas. Nor will it be a nuisance if the occupier who suffers the damage has put up with it without complaint for a long time, or if the occupier suffered the damage because of an unusual sensitivity (for example, unusually delicate plants)."

"Another common dispute is over fixtures and fittings. These are items that are affixed

to the wall or bolted into position and cannot be moved, such as blinds, fitted carpets, light fittings, towel rails, tapware and sinks. Items such as bar stools next to a bar, freestanding wardrobe, freestanding bedside lamps, a fridge, microwave, or washing machine are not fixtures.

"If you want something excluded from the sale remove it from sight or better still, remove it from the property before even showing it to any potential buyers.

If you really want to be sure, cite it as a specific 'exclusion' in the contract of sale. At the same time you do need to be practical; for instance if you have a swimming pool, the Creepy Crawly and pool cleaning equipment would most likely form part of the sale."

MAJOR DISPUTES CAN ARISE DURING PROPERTY TRANSACTIONS ... BUYING, SELLING AND LEASING? WHAT ARE SOME OF THE PITFALLS THAT YOU SHOULD LOOK FOR AND WHAT PRECAUTIONS YOU SHOULD TAKE?

"First of all it is very important to have a good team on your side. Before you buy a property you need a knowledgeable solicitor, a trusted conveyancer, a reliable real estate agent, engage the services of a savvy mortgage broker, reputable building inspector and a termite inspector. You will find all of these within pages of this book! The contract should be the first thing you hand to your solicitor to examine closely before signing and definitely before settlement."

Shifting direction yet again, we moved onto contracts and other things legal:

WHAT ABOUT BUILDING AGREEMENTS? DOES IT MAKE SENSE TO GET YOUR LAWYER TO LOOK AT THE AGREEMENT FIRST?

"Yes it does, fortunately, here in Western Australia, builders usually base their contracts on a standard HIA contract which is adapted to suit your property. Most of these contracts are straightforward but it is worthwhile to have your solicitor check for any anomalies or inconsistencies and they can also explain clearly to you what your obligations are in relation to the contract."

WHAT HAPPENS IF A DISPUTE DOES ARISE BETWEEN YOU AND YOUR BUILDER?

"This is obviously where we earn our money. And having been involved with the initial contract review, we are completely aware of the situation. Resolution of the dispute would go according to the terms of the contract (so it would be advantageous to have a remedy in the contract for arbitration). Dealing this way we find that most builders are reasonable and keen to resolve the issue quickly and if it can be conducted in a dispassionate, objective and professional manner, a result can be achieved."

IN COMMON LAW, THERE IS A BASIC DISTINCTION BETWEEN REAL PROPERTY, LAND, PERSONAL PROPERTY AND CHATTELS. WHY IS THAT DISTINCTION MADE AND WHAT IS THE DIFFERENCE BETWEEN THEM?

"*Real property* is the land and improvements on it. *Chattels* and *personal property* are movables like telephones, iPads, TVs, shares, clothes, debentures, money in the bank and the reason why a distinction is made is because responsible ownership passes on delivery. So if I sell you an iPad it passes to you on delivery and this becomes a contract either for cash or on terms.

"When you sell *land* (strata, vacant land, land with a property, a home in a retirement village etc) that passes to registration at Landgate. So you give your settlement agent and/or solicitor the Transfer of Land title but ownership does not pass there, it only transfers to your possession once it is registered at Landgate - and that is the difference."

We could have extended this chapter by twenty more pages and still not covered the plethora of legal issues relating to property law but we will leave it to Jules for the last word:

"If in doubt, about anything, consult a legal representative - preferably me - before taking the next step!"



JULES LEWIN'S TOP LEGAL TIPS

For Small Office/Home Offices:

- Every shire is different, contact your Shire or Council office where your home office is to be situated or visit their website to determine local bylaws pertaining to home offices.
- Decide structure (sole trader, company or trust) and create contracts for any employees, decide policies and procedures and invest in public liability and general insurance
- If entering into a partnership (and not just a husband/wife operation) create a shareholders' agreement
- Draw up trading terms and conditions to avoid bad debts
- Draw up a legal and binding will as a matter of course (whether operating a SOHO business or not)

For Property Issues:

- Always try to resolve neighbourhood disputes amicably. If you cannot, there are proscribed procedures and guidelines you should follow in order to reach a suitable outcome
- When buying, selling or leasing make sure you have a good legal, conveyancing, mortgage broking, selling or buying agent and building inspector on your team. They are essential in reaching a satisfactory outcome in this process
- Always run a contract, no matter how straightforward or simple, past your legal representative for approval. In the event of a dispute later, his or her informed advice will be invaluable



2 | Building a New Home

INTRODUCTION

So you have made the 'momentous decision' to build your own home. Where do you start? What budget do you need to allow, or what do you have at your disposal? Where do you build? How many bedrooms? Single or double storey?

Dazed? Confused? Maybe even a little frightened? Having been there and done that ourselves on a few occasions, let me tell you, it does not become any easier the second or third time around. The good news is that you do not need to worry because RETA is here to help you!

In this chapter you will find just about everything you need to know from everyone involved in the process - from builders, architects and interior designers to specialist advice on home theatres, swimming pools, air conditioning, smart home set ups and more.

'Everyone's new home is their luxury dream home', as Joseph Barbaro from Barbaro Homes so astutely observes; so you want it to be just right and filled with your own ideas and individuality. But before you embark upon this ambitious adventure, there are a few 'mandatories' that you need to take into consideration.

The first is to set a tentative budget before heading out to talk to as many different builders as you can.

Ask friends or family who have built for their thoughts and referrals. Google companies on the Internet, cast your net as far as you can, not just to get an indication of price and scope of work involved, but also to pick up tips and ideas. It pays to have a clear idea of what you want in your 'dream home' before heading off to do your homework - even if it is just a rough sketch.

Obviously, building a house requires finance, which is an important consideration, but after reading our mortgage broker's story in the first chapter, and the three separate 'building experience' articles in this chapter, you will have that aspect well and truly covered.

Having decided on your builder you then need to shift your focus to the design. That is all covered in this chapter too. Great advice and helpful tips from reputable companies who know what they are talking about.

But here are a couple of more tips from someone who knows:

Be clear in your objective. Are you building your family home for life or is this a first stepping stone in your long-term life plan - or maybe it is your first investment venture as a budding property tycoon? Each of these reasons dictates a different imperative and helps decide budget, size, location, finish and inclusions.

Then there is the contract. Today, most builders adhere to a standard HIA contract, so there are not usually any hidden or ambiguous clauses. To be certain though, it pays to do your due diligence. Run the building contract past a lawyer, be clear about items such as the time period for the build, progress payments (when and how much), clarify what is included and what is not.

If these issues are resolved at the outset, your building experience will be a far happier and more enjoyable one.

Finally, unless you are experienced and know exactly what you are doing, resist the temptation to save money by cutting corners or 'doing it yourself'. Talk to the different people and companies in this chapter and, ultimately, you will reap the benefits.

Happy building!

The Building Experience

THE YOUNG COUPLE'S STORY

Building a new home should be an exciting and fulfilling time, but it is also stressful and surprisingly difficult at times. To illustrate the point, we spoke with a young couple who have now moved into their ideal home ... and are delighted with it. Their story, and their journey from sand block to completed house, is probably fairly typical of what you will have to face in working with a builder to create the home of your dreams.

"Our advice is to budget at least 10% more than you originally thought in planning the home. Once you upgrade your light switches from the basic spec, change the taps to something much more appealing, add downlights at \$96 a time, choose more attractive doors, arrange for higher ceilings and consider the whole question of tiling, you are adding thousands to the base price.

"Also, bear in mind the additional cost of being environmentally responsible with passive solar orientation, recycling grey water (if the Shire will allow it), harvesting rainwater into a sufficiently large tank and adding a solar hot water tank and photo voltaic panels to the roof. Being environmentally responsible pays off in the end, but it represents a significant investment right at the construction stage and that is just when you can least afford it.

"For us, the thought processes went something like this: do we want to build to a budget or do we want to build to a style? Are we better off putting in the expensive taps we want now because it is too hard to change them later on? Can we put off laying the timber floors until later, and if we do not put the down lights in immediately, let us run cable so that it is easy and inexpensive to do later.

"You go through the drawing with the builder, and you have to work out where everything should be - including the number and positioning of power points. Instead of thinking about a blank room, we used the scaled house plans and cut similarly scaled beds, tables, chairs, settee and sideboards from paper to see how everything could work in practice, and where the power points should be. It is all those little elements that you do not normally think about, but you need to think about them if you are going to maintain control over your project.

"Pre start was a nightmare, all by itself! Our builder gave us a list of suppliers from which we were required to select our tiles. However, when we visited these places, nothing could have prepared us for their offhand and sometimes rude attitude. The first tile place we walked into was not even prepared to talk to us. When we went to the next tile place, we were treated in much the same manner and quickly started to become disillusioned with the whole process. The next person said that our builder's decorator chooses everything for their clients, and then she walked away without saying another word! Unbelievable! We were gobsmacked and shocked because this is not how people should be treated! Their attitude was unbelievable!

"We finally found a lady who was very helpful, and was willing to spend the time with us. She made all the difference in the process. Good suppliers and people who care take a little finding, so persistence and patience is definitely required.

"Then, two weeks later, we had to go into the builder and select every paint colour we wanted everywhere - externally as well as internally. We had to choose roof tiles, colours



for gutters, internal tiles and try to work out how the various colour schemes were going to complement each other. We were asked how high everything needed to be, and at that stage, there was no pad down, no bricks had been delivered and there was no real connection with the house. Despite that, we were being asked to make decisions about things which we would have to live with for years. It is actually somewhat daunting, particularly if you do not have the right advice.

“We were supposed to decide on our smart wiring, and make decisions on light switches, and upgraded doors without a clear idea of what the extra cost might be. The builder could not and would not tell us there and then because he had to check costs with his suppliers. Apparently that is the way it is always done, but it just seemed to us to be back to front. On the one hand we were asked to make buying decisions, yet on the other hand we were given no idea of prices, and we had a budget to work to! It made the conversation with the bank interesting to say the least! How is it that you are asked to buy something without first knowing the price?

“The builders had no interest in educating us, but we needed that education to make informed decisions. We are people who like to plan ahead, carry out research in order to improve our decision making processes, and we were out of our comfort zone and in someone else’s space ... with a lot of money involved. It was confusing, frustrating, overwhelming and incredibly difficult – and that is before we discovered the mysterious world of variations.

“Each variation was \$150, so if you add a down light in one room it will cost you \$96 for the light ... plus \$150. It soon adds up ... so it pays to think carefully about your plans and avoid variations wherever possible because pre start



really can be happy hunting time for the builder.

“You may find that some specifications you really want (for example vinyl wrap coated doors in your cabinets) are included with one builder and yet another wants to charge you thousands! Check! Negotiate! Haggle! Demand parity!”

LIST OF OTHER SUGGESTIONS FOR PEOPLE ABOUT TO EMBARK ON THE NEW HOUSE BUILDING ADVENTURE

Ensuite – consider additional fan ventilation to remove condensation quickly and wall to ceiling tiling to improve insulation and prevent mildew. Allow plenty of towel storage integrated into the cupboards and recesses in the showers for soap, shampoo and other products. Shutters are an attractive option for window treatments to control light and ensure privacy – we suggest you choose a polyurethane finish for shutters and cabinets to resist water and steam damage. If there is a spa bath, have at least one step around the bath, choose nonslip tiles and install a grab rail for safety if possible. If there is a tile reveal around the bath, make sure that it is lower than the top of the bath.

Mixer taps for the bath and basins are a good idea so that you do not have to adjust the settings.

Insist on chrome drains – they perform better than plastic and look much better. In our case, chrome drains were part of the builder’s standard package ... so you need to familiarise yourself with what is standard, and what you will have to pay extra for.

Master bedroom and guest or children’s bedrooms - Do not have a power point in the middle of where the queen or double bed will be – each bedside table should have its own power point. If you cannot afford wardrobes initially, make sure that there are recesses to take them later on.

Consider a small walk in robe for the main guest bedroom. If you have young children, or plan to have a family later on, make sure that there are recesses for desks – or place quality study benchtops at a convenient height.

Most internal doors are not solid – but a solid door is a good idea for the master bedroom if you are close to a noisy kitchen or home theatre room.

Even think about providing power points near the top of windows for motorised blinds to future proof your house.

Corridors – it is advisable to place tiles down first and then skirting on top for the sake of neatness. Most builders will do it the other way round for their own convenience, but not for yours! Tiling is generally the last thing the builder arranges. Keep as much light as possible in the corridors. If they are long, have light switches at both ends and in the middle – especially if there is a guest bedroom close by. Ensure that there are adequate power points along the corridors.

Hallway storage – have it pre-shelved. Sliding doors are more convenient and practical than doors that open outwards. We chose mirrored doors to keep the area light and bright.

Study – 10 light (glass panel) doors ensure that the study is less closed off and dark.

Future proofing – Consider the possibility that elderly people may be staying with you, or that this is the home that you want to stay in for the rest of your life. Lever door handles are more convenient for the elderly, and it is even worth thinking about wider door frames for wheel chair access. The more you can think ahead, the more desirable your house will be to others if you ever decide to sell in the future.

Theatre room – make sure that there are plenty of power points close to where the screen will be set up. Curtains all the way round will provide far better sound quality – ideally they should be motorised. A recessed light trough in the ceiling (with rope lighting) provides a professional theatre look and feel. If you are building a two storey house, this will be your one chance to get the infrastructure in place. We chose to put in a cavity wall so that cabling could be easily added up upgraded in the future.

Hallway – to create a grand feel, specify double doors and make sure that the hallway is much wider than the other corridors.

Kitchen – tile higher than usual so that light switches sit on tiles rather than painted walls. Set up your kitchen with a convenient ‘triangle’ so that the ‘fridge, cooking facilities and sink are all within easy reach of each other.



Some fridge/freezers with ice makers require a water supply, so provide a tap in the recess.

Specify self-closing doors which do not require handles. They look so much better!

Laundry – vertical blinds are often the best window treatments. Make sure that there is sufficient room between the end of the bench top and the window to operate the blind. Plan plenty of storage for laundry, a large storage cupboard ideally with shelves near the top. If you choose tiles carefully, you can create an appealing effect without going outside the builder’s specified allowance.

Doors – if you want to upgrade your doors, expect to pay considerably more ... anything from \$700 per door to over \$4000! In our case, the upgraded external front door was well worth the additional cost and we opted for a double door which makes it much easier to get furniture in and out.

Exterior – plan verandas to minimise the effect of summer sun. Harvest your rainwater wherever possible and use it for the garden. Place water taps at each corner of the house. Ensure that the builder’s crossover allowance is adequate – some only include three metres which means that you have to budget for a lot more concrete.

Plan your external lighting, and when you move in, you will have to purchase globes for all your lights. Even quality builders do not always provide them! Make sure that you have power points in convenient locations outside, and if you have a gas BBQ outside, have a gas bayonet provided close by.

Garage – you need to be able to walk around the car, and if it is a Landcruiser that can be an issue – so definitely allow for extra length. Have your garage wide enough so that it will

easily accommodate two cars. We have come across garages where only one person can get out of the car – and this would be very irritating on a long term basis.

Solar water heating – With rising power bills, this will pay for itself within five to seven years. If possible, arrange for a gas-fired booster so that the cost of maintaining water temperature in winter is minimised.

In summary - Wherever possible, plan ahead and give careful thought to what you want. Visit plenty of display homes and photograph

the elements that appeal to you. On your travels, photograph gardens or features that seem to work, and keep a record so that you can brief the builder, interior designer and landscaper. Be clear about your budget, and even if it means the pre start process takes longer than the builder would like, you need to be sure that the choices you are being asked to make are not stretching your financial resources.

Above all, enjoy the journey of building your own home. With care and thought, it will all be worthwhile in the end!

THE DISPLAY HOME SALESMAN'S STORY

It is always exciting and interesting to visit builders' new display home centres, and it is equally tempting to talk to the available salespeople about your dreams, your hopes and explore the possibilities. It is also important to remember that the job of those salespeople is to sign you up, and to represent their companies' interests to the best of their ability.

Let us now examine that experience from the other side of the table for a moment, and ask an ex display homes salesman what that view looks like.

"Display home salespeople operate in a very competitive market, and whether we like it or not, their job is to extract from the potential client the 'most expensive' house they can possibly afford and 'max out' their budget. No builder will allow for curtains, other window treatments or flooring and it is extremely disappointing for people to have this beautiful home which is not finished on handover, and which may not be finished for a very, very long time.

"The next crucial thing to consider is the block of land. The sales consultant will put prospective clients into the cheapest block of land so that the total house and land package is

competitive with their competitors. My advice is to do your own research in choosing the block, and by all means take extensive advice before going ahead. For example, consider the block's orientation. If you want to take advantage of passive solar benefits, the long side of the house should ideally face north, and your main living area with extensive windows should face west.

"Before choosing your block, seek advice on the cost of earthworks and foundations. For example, a sloping block with a lot of rock on it will cost significantly more than an uncomplicated level sand block. If your builder is allowing a provisional sum of \$10,000 for foundations, and then you actually have to find \$50,000 after your loan is approved, you may be financially embarrassed – and the house fit out could suffer as a result.

"Find out if there is clay on your block, as costs will escalate. If retaining walls are required, seek qualified advice and estimate costs at an early stage since limestone walls are costly.

"A knowledgeable and trustworthy salesperson will tell you honestly and fairly what you need to know, yet others will be far more concerned about losing a sale if they reveal too much. You need to feel comfortable with the salesperson's honesty and integrity – so go with your 'gut feel.' After all, this salesperson

will be involved in assisting and advising you with the most valuable investment in your life."

Specification – ask questions, and then more questions

"When you visit a display home, you need to understand that it is being presented to impress and differentiate that particular builder from all the other builders displaying their homes in that locality. The specification of the display home is normally at a higher level than the basic specification which the salesperson is showing you on the informational material. You therefore need to ask a series of questions, and note the answers for future reference. They should include ...

- Is everything in the display home included in the brochure? If not, what are the exclusions?
- Is the elevation of the display home the same as the one in the brochure? If not, what is the additional cost that needs to be allowed for?
- Is painting included?
- Are the displayed floor tiles included as standard? If not, how much is the builder allowing per square metre?
- Are the displayed wall tiles in bathrooms and laundry included as standard? If so, to what height are they provided within the spec? (The answer may be just one tile high.)
- Are the carpets included?
- Are the window treatments included?
- Are the skirtings shown included?
- Are the lights shown in the home included?
- Are the bricks high grade ... or lower grade 'composite' which may not perform as well.
- Ask in detail about insulation within the walls.
- Is the garage door included ... or is it an extra?
- Is the entire crossover to the kerb allowed for in the stated price?

- Is the landscaping in the front garden included?
- Is the reticulation installed in the display home garden included in the price?
- Is the landscaping in the back garden included?
- How many external taps are allowed for ... and how many external lights?
- Does the package allow for stormwater soak well facilities?
- As you walk around the display home, make a note of all the other items shown that you should ask about."

PRE START. WHAT DO YOU NEED TO KNOW?

"At pre start, the builder's representative will ask you to choose everything from tiles to door handles. You may well be shown a display of standard items, and unless you are very organised, you will be taken by surprise and find yourself unready.

"The key is to do your own research prior to the pre start meeting. Visit other display homes, make a note of what you like at building suppliers' premises, take photographs, collect brochures and make a note of model numbers.

Just be aware that there may be a massive price difference between your choice and what the builder has specified – be prepared for that.

"When your pre start meeting is underway, preparation and completed research will definitely give you a head start and make the process less fraught."



TIMBER FLOORS AND SKIRTINGS

"People are often willing to live on concrete for months, and then obtain a quotation for timber flooring when they are ready. If you do plan to lay high grade timber floors, talk to a reputable flooring company as soon as you have signed up for the home and have your plans. You may well find that instead of budgeting \$15,000 you have to allow at least \$35,000.

"Bear in mind that builders mark up items like flooring, air conditioning, pools, water tanks and so on by an industry standard 40% - because they are taking responsibility for the correct installation of those items. Therefore, if you sign up for timber with an installed value of \$20,000 with the builder, you will actually be paying \$28,000 ... plus the GST on the higher price. You are far better off to make your own arrangements for expensive items like this, but do your planning at the earliest possible stage so that you can either allow for them in the mortgage, or have an accurate idea of what you will have to invest later."

AIR CONDITIONING

"Sometimes, reverse cycle systems are included in building specs as a special deal, but that is unusual. If you are building a two story home, make sure that the builder allows for ducting space in the upper floor concrete raft. If you plan to install air conditioning later, you should start discussions with a reputable air conditioning company at the earliest possible stage so that the location of ducts and air conditioning hardware is all planned for."

IN SUMMARY ...

"Plan an accurate budget before you sign anything. Find out how much you can borrow, and in choosing your block and house package, leave a provisional 5% sum for unexpected contingencies - there will always be unexpected contingencies!



"It is better to sign up for a smaller, less extravagant home and have the funds to finish it completely (including timber flooring, blinds, curtains, the tiles of your choice and air conditioning) than be persuaded by enticing sales patter to go for a much more substantial home and live with bare concrete floors, no curtains or blinds for months or years on end. If you do that, your dream home may become your nightmare.

"Establish your own checklist similar to the one above, but customised to take your own special requirements into account. Put the list up on an Excel spreadsheet so that budget costs can be automatically calculated. The last thing you want is cost blowouts, so the more research you put into your project the better.

"Ask the builder to be very clear about the time it will take to secure council approvals, and the projected building time. The quoted house price is not the complete story. For example, if Builder A is quoting \$250,000 and promises you completion to handover in 12 months, and Builder B is quoting \$245,000 for a very similar design and due diligence and asking around suggests that 16 months is more often the mark, you may choose to opt for Builder A. When you consider the ultimate cost (which includes mortgage payments, weekly rental payments, and other holding costs) the shorter building time will actually cost you less.

"The quality of the end product will generally come down to the supervision and management exercised by the building company.

You may be surprised to know that the cost of an independent building inspector to keep an eye on your build is affordable – and probably should be included in your budget.

"The more time and effort you put into planning the building of your home in the beginning the better. Do your own research, ask questions, seek advice from people who have built their own homes, request testimonials from past clients, and remain in control of the process. Once you have established your budget, go through it in detail with your loan provider – and do not allow the salesperson to entice you into 'more' home than you can comfortably afford."

THE LENDING MANAGER'S STORY

Nothing is more exciting, stressful, demanding and spectacularly challenging than plunging into the market for the first time and buying a new home. Add to that formula for emotional turmoil the additional trial of actually building a new home from the ground up, and you have a real battle on your hands – especially if helpful advice does not seem to be close to hand.

But, in fact, that is the point – help is available, if you know where to look for it. The foundation for any real estate property transaction is not a sand pad, reinforcing steel and concrete – it is money. The poet E. E. Cummings once said: 'I'm living so far beyond my income that we may almost be said to be living apart', while Charles Dickens in *Bleak House* echoed the example of his own irresponsibly indebted father with: '*Annual income twenty pounds. Annual expenditure nineteen pounds nineteen shillings and sixpence ... result happiness. Annual income twenty pounds, annual expenditure twenty pounds and sixpence ... result misery.*'

If that seems like a familiar story, you are not the Lone Ranger. However, when it comes to acquiring a property for the first time, financial care really is essential – and you need to be able to demonstrate it.

Benjamin Franklin, one of the Founding fathers of the United States of America, has bequeathed the modern world numerous pearls of wisdom that remain strikingly relevant today ... 'He that is of the opinion money will do everything may well be suspected of doing everything for money', and 'If you would be wealthy, think of saving as well as getting.'

The real foundation for success in building your own home falls under four main headings:

- Showing sufficient savings to show that you are financially responsible enough to qualify for finance
- Saving enough for a 20% cash deposit
- Knowing where to go for the rest of the money
- And, finally, presenting your case for finance convincingly

In short – you need to establish a two way relationship with a funding source based on trust and mutual respect.

This is where the financial institution comes into the picture. So we took the opportunity to talk to the friendly and helpful branch manager and lending manager of one of Australia's leading financial institutions, and the first question was right on the money:

HOW IMPORTANT IS IT FOR THE OVERALL FINANCE SECTOR TO PROVIDE SUPPORT AND INFORMATION TO PROSPECTIVE BORROWERS?

"It is essential. All financial institutions provide relevant and useful information on their websites ... and as we live in an electronic, digital world, borrowers can have many of their questions answered with online FAQ, loan calculators and, in some cases, there are powerful iPhone and Android Apps for downloading to PCs, iPads and smart phones. Technology drives the Age of Information, but when it comes down to it, relationships matter and nothing beats the human interface between the borrower and the financial institution.

"Let us consider the example of a young couple who are thinking about building their dream first home.

TIP 1: VISIT A LENDING MANAGER AND FIND OUT HOW MUCH YOU CAN BORROW BEFORE YOU DO ANYTHING ELSE

"We encourage people to visit us at the earliest possible stage of the process. Once we have asked a series of questions, completed a standard questionnaire and done some due diligence to check the figures, we will have a good idea of their income, assets, liabilities, debts, credit cards, other financial commitments. Based on that, we will be able to

1. Assist in providing a figure that they could potentially borrow and
2. If required, provide pre-approval for a loan. This means that they can start a conversation about a block of land or property on a 'subject to finance' conditional basis.

“Part of a lending manager’s role is to explain what normally happens at pre-start, to go through the various extra costs that are likely to come up and educate borrowers on some of the pitfalls. For example, most builders come up with a provisional sum for earthworks. However, in practice, once the excavation begins, the provisional sum is often just a starting point. Crossovers are usually only partially allowed for in the building contract, with sometimes only two metres being allowed for in the cost estimate. Therefore, in reality, the home borrower will usually end up paying for several more metres of driveway crossover.

“The early meeting also provides an opportunity for us to find out about the borrower’s long term dreams and plans for the future – and that is important in building a longer term relationship.”

WHAT DO BORROWERS NEED TO KNOW ABOUT PRE-START?

“Pre-start initially happens at the builders’ premises – and is where clients will be asked to select everything from taps, tiles, benchtop finishes, colours for gutters, roof tiles or metal roof and so on. The house price quoted on the brochure allows for the basics, so borrowers need to understand the pressures of having to make multiple decisions in the builder’s showroom when they may not have done enough research.

“For example, if they go and spend an extra \$20,000 for gold taps, top of the range cabinets with self-closing doors and stone benchtops at pre-start, it needs to be allowed for in the overall budget and included in the property valuation.”

TIP 2: PREPARE YOURSELF AS MUCH AS POSSIBLE FOR THE PRE-START MEETING. IN ALL YOUR DISCUSSIONS WITH THE BUILDER, FACTOR IN THE ADDITIONAL COST OF THE UPGRADED ITEMS YOU ARE CHOOSING. KEEP A RUNNING TOTAL OF COSTS SO THAT YOU DO NOT EXCEED YOUR PRE-APPROVED AMOUNT.

HOW DO PROGRESS PAYMENTS WORK?

“When money is being borrowed, your lender has a series of responsibilities to manage. They will normally want to sight a signed building contract, council approval, the builder’s

contract works insurance (they often delay putting it in place until after council approval), and public liability insurance. Some builders do not liaise well with the finance institution, and this can cause delays to progress payments – especially the first one and the last one. All paperwork must be in order before funds can be drawn down.

“Progress payments are authorised and paid when clients confirm that they are happy with the works completed to date. If the clients are not satisfied, then they have to take the matter up with the builder. Finance institutions never get involved with progress payment disputes.

“The final progress payment can be delayed for up to 10 days because the finance institution needs to complete a valuation to ensure that the building is finished as per the original building contract, and that all third party contracts included in the contract for curtains, carpets and other deliverables have been completed.”

EQUITY – WHEN DOES THE BORROWER HAVE TO CONTRIBUTE THEIR DEPOSIT?

“That comes when the land is purchased or at the first progress payment stage. A grey area is when there is a land purchase and a building contract at the same time. The finance institution will only provide an approval for the whole amount if there is a building contract prior to settlement of the land. Otherwise, the finance institution may only be able to provide finance for the purchase of the land. Another ‘Catch 22’ is where the client has a rental commitment, the finance institution may not (depending on circumstances) even be able to provide finance for the land.

“For those who have a 30 or 60 day settlement on the land, it does not provide enough time to secure a building contract. In those cases,



applicants need to factor in the costs of renting somewhere until they have a building contract.

“With the newer land releases, where the titles are taking a long time to issue, those applications tend to work themselves out because the titles take a long time to come through and clients have plenty of time to go to a builder and get a building contract in place.

“Where the first home owner’s grant applies, applicants need a signed building contract. Approved agents (generally major finance institutions *are* approved agents for the State Revenue Office) can process these grants. As in the case with the borrower’s own equity - the first home owner’s grant is also applied with the first progress payment stage.”

WHAT IS YOUR ADVICE TO PEOPLE PAYING QUITE HIGH RENTS WHO WANT TO GET ON THE PROPERTY LADDER?

“There are a number of steps applicants can take, including:

“Visiting finance institutions’ websites to take a look at the mortgage calculators. (e.g. If a couple is paying \$470 a week in rent) find out what the mortgage payment would be for a similar type of property in a similar area.

“If the answer is say \$2,000 per month, the borrower needs to be able to demonstrate that they can handle a financial commitment that is likely to be more than \$470 per week. Whilst renting, they need to put a month by month savings plan in place to demonstrate that ability and also maintain an excellent rental record of paying on time.

“With borrowings, such as a credit cards or car loans, they need to make sure that their repayments are made on time – and do not exceed limits thereby affecting their credit rating.

‘If they are living with parents, make sure that savings not only reflect a full mortgage payment – but also allow for normal outgoings such as water rates, council rates, electricity, gas, home and contents insurance. People who rent are spared many of these costs, but homeowners must take them into account.

“When it comes to loan affordability, finance institutions will tend to disregard lump sum gifts from parents. They need to see that the applicants can afford and service the loan

independently. Most finance institutions will want to see a pattern of saving for a minimum of three months, although six months (or more) is preferred.

“Factor in the costs of insurance. If the deposit is low, finance institutions will require mortgage insurance, and responsible borrowers should also take out adequate life insurance and they are also well advised to take out income protection insurance.

“Many couples are taking advantage of high wages in the North West energy and mining operations. If the loan is resting largely on the ability of one ‘breadwinner’ and the other partner is at home looking after children, the couple should also consider taking out insurance on the home partner’s life with trauma insurance as well to cover serious illness. If because of illness or injury they are unable to look after the family, the couple will need insurance to cover that unfortunate event, otherwise the property may have to be sold which is the last thing they would want in those circumstances.

“We live in an uncertain world, so insurance to cover the possibility of unemployment, illness or injury for mortgage, car loans and credit cards is important. The smaller loan protection policies can provide cover for any eventuality for periods from three to six months – so be sure that the cover is adequate.

“People tend to become very excited when they are about to purchase a brand new home – and that becomes the main focus of their attention. However, they should also consider the impact of starting a family sometime in the future, and how the additional costs and reduction in income will be managed.

“If you are building a new home, do your own due diligence. Ask for testimonials, and find out whether the overall reputation of the builder is sound and reliable.

“Gather as much information as you can so that you can make well informed decisions. It is in the interest of financial institutions for borrowers to be able to meet their commitments, and they have a Duty of Care to ensure that loans are affordable. Loan applicants should be open and honest in their dealings with the financial institution of their choice, and they should avail themselves of all facilities and support on offer.”

Architecture



BUILDING A FUTURE WITH THE PLANET IN MIND ECOTECT ARCHITECTS

Since 1974, when he first registered as an architect, Garry Baverstock has been a passionate pioneer and a champion in the vital field of energy efficient housing design. Realising in the late 1970s that the overall values of society seemed to be blissfully, wilfully unaware of the need to conserve energy and reduce pollution to an absolute minimum, Garry also studied engineering and started to interact with leading Australian figures in the fields of thermodynamics, engineering, solar energy and efficient energy management.

Relationships form the source of power that drives any successful career and business, and with the support and encouragement of key industry partners and associates, Garry's career since the early 1980s has reflected a consistent desire to showcase and build a more environmentally aware Australia through the medium of architectural design and solar efficient building methods.

His journey reflects the story of a man on a mission to make a difference, and to lead the way along a path less travelled. It is a journey of many twists and turns and 'ups and downs' which is well worth reading in its own right.* It has lead, over time, to a PhD, a well respected book **, numerous HIA, MBA, RAIA and other awards for excellence in architectural design, and a Professorship at Murdoch University in the field of Environmental Architecture.

Industry recognition is one thing, and well deserved awards are a genuine reflection of professional commitment, expertise and recognition by peers. In the case of Ecotect Architects, they are, however, only part of the story, and it is other factors that have

seen Garry Baverstock, Order of Australia, recognised as a unique contributor to the task of building a more environmentally conscious Australia. The defining factors are leadership, and a passionate commitment to the cause – for with fervour comes an unwavering human determination to brush all obstacles aside, stay the course, and facilitate an unfolding vision for the future.

As Antoine St Exupery once remarked: "We do not inherit the Earth from our ancestors ... we borrow it from our children", and it is in similar vein that Garry Baverstock and his colleagues continue to design and advocate building and design that will support the needs and expectations of our children, grand-children and generations to come.

When we sat down with Garry, we could have discussed any one of a hundred environmental as well as esoteric topics, so we started at ground level with a defining question:

WHAT IS THE DIFFERENCE BETWEEN AN ARCHITECT AND A BUILDING/HOUSE DESIGNER?

"It is a good question and it often all comes back to economic cycles. If you take the cheap answer, and one that promises to give you everything for a lesser price (which is what designers and many builders often do) they will secure most of the market. Something that is designed without much thought, built cheaply in the latest style to look flashy, will degrade fast, and over three economic cycles will probably result in the property being worth little more than land value – instead of appreciating land value plus the appreciating value of a quality home.

"The other strategy places immense value on quality and design – and it involves an entirely different mentality. If you buy in the right area, work with an architect who understands what is required to build an enduring property, and choose a builder who operates at the same level, you will create an appreciating asset which will hold its value over time.

"A typical example is a house we worked on in Cottesloe that not only appreciated at the highest land value, but appreciated with the replacement cost for the building. It won an architectural award, and I believe it will probably be on the heritage list 50 years from now. Nobody will pull it down, and it will actually be worth significantly more than if it had been built cheaply and superficially. We design and build in a classical style that will last 100 years at least with re-enforcing and structural additions that virtually eliminate cracking. Such homes really are built to last, and stand the test of time. When people walk in, they see the style, appreciate the ambience and understand at a glance that it is solidly built and there to last."

WHAT WAS IT ABOUT THE DESIGN AND THEN THE MANAGEMENT OF THE BUILDING PROCESSES THAT SET THAT PARTICULAR PROJECT APART FROM OTHERS?

"The clients were well travelled and wanted to create a French provincial style and feel. They knew exactly what they wanted, and we listened closely to their aspirations and what they sought to achieve. It was totally a professional process from the ground upwards including a geo technical survey. We then followed a methodical step by step design and building process which resulted in a superbly built, landmark property.

"Modern construction is often all about rushing the steps. Clients do not give enough thought to what they really want in a home, so after five years they move on because there are so many things they do not like about the home that has been built for them. Just because you want things done quickly does not necessarily mean that they will be done well, and many people find that out to their cost after the event.

"An architect goes systematically through the concept and design process, arranges for accurate budgets, pins down costs, works

out in detail what the home will look like and ensures that the property is built to last. That is what we offer, and we also look at environmental aspects.

To give you an example, another client saw that we had won a lot of awards in designing for climate and energy efficiency. I had invented the Tecto solar pergola that allows the winter sun in and provides shade in the summer and we had developed verandas that perform in a similar way. For ethical and environmental reasons the client did not want to have air conditioning. They realised that we could design for maximum comfort in winter and summer with just solar access, shading and cross ventilation and that we would do it well."

YOU MENTIONED A BUILDING CYCLE. WHAT DOES A BUILDING CYCLE CONSIST OF?

"It is an economic cycle, so every time there is a boom and a crash it tends to be every seven to ten years. After 30 years, the average design construct house and cheaply built commercial property will generally be worth almost nothing apart from land value. For that reason it is really bad economics, and the family that intends to live in a place for a lifetime, or half a lifetime, is better advised to have their home properly designed and built to last. Architects fees are actually an investment, and not a cost.

"An analogy is buying shoes. If you invest \$300 on a top quality Italian pair, the chances are you will still be wearing them 20 years from now. If you buy a \$30 pair from the local store they will probably fall apart within a year, so the cost benefit analysis of investing in quality and design is quite clear.

"Architects exist to serve the community and have the highest standard of professionalism which offers legal recourse for the client. A registered architect is legally responsible for everything that happens in the construction of a building - not just for the statute of limitations, but for life, and even beyond death. An architect's estate can be sued if they are found to be responsible for structural, building or design flaws.

"Designers and project builders are not liable in the same way, so good luck if you try to sue them for misleading you with the



cost, or designing something that cracks or has structural problems. It is for this reason that Government bodies will only deal with registered architects because a clear line of responsibility is established."

ARE YOU A PREDOMINANTLY ENVIRONMENTAL ARCHITECT?

"I would say so, and while I used to be out on a limb, I am becoming more mainstream now because if people think that carbon issues are a furphy, then just check in with NASA who tell us that climate change is worse than they previously thought. All the indicators are far worse, and in spite of the misinformation and nonsense from sceptics, the scientific fact is that carbon is now 390 parts per million. Our climate is changing, and we have to reduce carbon."

"Over 50% of the carbon build up is due to the building industry ... materials, manufacturing materials and putting them into buildings. If the building industry thinks they can neglect this issue any longer then they are being totally negligent to the future generations. I am fired up about this whole issue but fortunately there are now a lot of caring, responsible people who think the same way as I do and are doing something about it."

"They feel responsible for their children their and their grandchildren and the community at large. So they feel good about having a carefully designed passive solar house with a solar water heater, PV solar power generation, grey water recycling and all the environmental aspect that we design into our buildings. They know they will achieve the outcomes they want by coming to us because of our 40 years' experience."



BEFORE

WHAT OTHER RELATED DISCIPLINES DOES ARCHITECTURE ENCOMPASS?

"We are trained in master planning, town planning, working out the economics of systems, looking at innovative products, calling for tenders on a transparent, 'open book' basis, and assessing risks and liability aspects so that clients have a complete and detailed explanation of what is involved in every aspect of their project."

"We are also trained to prepare documents that are legally binding for the builder so that we are very close to the original estimates when the building is finished. This is often not the case with 'design and construct' projects where the client is blamed for any changes and the prices go up. With an architect's supervision, the client knows exactly what it is going to cost every step of the way until the building is finished."

SO THERE IS AN OVERARCHING RESPONSIBILITY IN MOST PROJECTS FOR THE ARCHITECT TO MANAGE THOSE ASPECTS?

"Yes, that is part of our role. We call regular site meetings and issue authorisation certificates before money is released. We make sure that what is being claimed has actually been built on site, and the risk of the builder going broke becomes greatly reduced because we can see what is happening on a day to day basis and by looking ahead. We also check out the financial viability of the builder and always have a Plan B to finish the works if the builder has to be replaced."

"We minimise any damages to the client so that the project is built on budget, on time, every time. Not all architects offer this level



AFTER

of service, but I have a history as a builder, possess a builder's ticket and always have a 'troubleshoot' builder on standby in case we need to involve them. It is all about managing contingencies!

"Despite due diligence and everyone's best endeavours, there can be issues because people have economic problems, they have marriage split ups, or they lose the plot. You are dealing with people. You may find a builder who will construct six great houses for you and then you find out that he is falling apart because of a bad investment or something beyond his control. Suddenly it affects the project; therefore it will not be acceptable as it will unfairly reflect upon the client. Sometimes steps will need to be taken to ensure that our client is protected, and it is for this reason that I always deal with builders I totally respect and trust. It is a comfort to the client knowing that we have that capability and that their building will be constructed as designed and quoted."

"We act rather like an 'owner's agent' and are responsible for making sure that they get what they require and expect. At the same time, we are also fair to the builder. If they are in the right we will advise the client and ensure fair and equitable outcomes."

WHEN IS IT COST EFFECTIVE TO ENGAGE AN ARCHITECT?

"If your budget is limited, it is very hard to go past a reputable project builder. They can take advantage of economies of scale and offer standard and packaged house plans. However, as soon as you start asking for changes to their standard plan, the price will go up. If you want a one off design, project builders will not be able to compete, or not even want to compete. Therefore, the best way to use a project builder is to build their standard home and leave out as many items from the building contract that you can finish yourself. Do not change the room sizes, do not add an extra bathroom or toilet, extract the best value and take advantage of very low prices. The project builders rely on charging for extras that are initiated by the client because they are not happy with the selections in the standard plan."

"If you want a one off design, then the next step is to go to an architect and a different type of builder who builds perhaps 20 houses a year and no more than six at any one time."

Such builders have hands on experience; it may cost you more, but you are not paying for advertising and all the other add-ons that a mass builder likes to charge."

DOES AN ARCHITECT BECOME INVOLVED IN SELECTING SUITABLE BLOCKS? IS THE ORIENTATION OF A BLOCK IMPORTANT?

"Quite often we find ourselves involved because the block which has been chosen imposes challenges. It might be a sloping block up in the hills, or an odd shape in the inner suburbs or City. I give free advice to make sure that the prospective client chooses a block in the right location, at the right value, which is oriented to take advantage of winter sun. It is better to have this advice before the purchase offer is made, and we offer it as a service to build rapport and trust. It makes our job a lot easier if you have the right block – and invariably it means lower cost."

HOW DO ARCHITECTS GENERALLY CHARGE THEIR FEES?

"We usually work on a percentage basis, or we can work on a time basis if it is a fairly clear cut task. From time to time we can also give a fixed sum. It depends on the situation and we are flexible, but generally our standard contract works on a percentage basis."

"We offer two separate contracts. With the first, we carry out the design, drawings, budgets and call for tenders. The second contract covers contract administration and project management depending on the client's specific requirements. If you are working with a quality builder who you trust you may feel that you do not need the project management contract. There is no substitute for engaging a builder of high standing, who works as part of the team rather than being seen as adversarial."

"In the case of complex projects, where there is more to go wrong, many clients feel that they like to have our involvement all the way through."

IS IT MORE EXPENSIVE TO DESIGN AND BUILD ENVIRONMENTALLY THAN THE CONVENTIONAL PROJECT TYPE HOME?

"Providing you do not build a top end luxury home, an environmentally conscious house will cost just a little more than a conventionally built home. As a result of changes in energy efficiency regulations, it is moving closer and

closer to the mainstream. You will spend more on higher ceilings, the PV power system, solar water heater, better quality glass and setting up grey water, storage tanks and distributing stored water to environmentally friendly landscaping – but over time, you can expect a payback.

“Everything we do is economically viable, and when it comes to payback, you can look at that in terms of short, medium and long term payback periods. For example, it may take five to seven years to recoup the cost of solar power generation system, but after that, the homeowner can expect to reap a return – or at the very least cover all or most of their power costs by contributing to the grid.

“You can never say that about a fossil fuel system – for example, gas hot water for instance. There is no payback period ever, and you will be forever paying higher energy costs which are always increasing - and every so often you will need to replace the system. You might have a cheaper system in the short term, but in the longer term, high energy costs will be just be passed 100% over to you. Compare this to a renewable energy system which pays for itself. You can bank the savings, and put the money towards reducing your mortgage!”

SHOULD HOUSES HAVE HIGHER CEILINGS?

“Yes, higher ceilings definitely make it cooler in summer because they will give you a bit of space for the hot air to congregate away from the human body. Low ceilings are not great as they heat up and re-emit, so the further ceilings are away from your head the better. People understood this before the advent of air conditioners, especially in those beautiful turn of the century Federation homes with high ceilings, shaded gardens and plenty of air flow.”

WHAT ARE YOUR THOUGHTS ON INSULATION?

“Insulation is mandatory under modern building methods, but it is the icing on the cake. You can insulate a badly designed house and hardly notice the difference - and in fact, if the orientation is incorrect, insulation can trap heat in the home and make living unbearable. If you have a well designed, passive solar house and you install high grade insulation on the roof and in the walls you will really notice the difference – and you will not need to install and run costly air conditioning.”

WHAT CAN THE AVERAGE HOUSEHOLDER DO TO REDUCE THEIR CARBON FOOTPRINT IN THEIR EXISTING HOME?

“This is an entire subject in its own right, but you can take some basic steps to reduce your footprint. Energy efficient lights are a start, and only keep the lights that you need switched on in your home. Switch devices off at the wall, and let in as much natural light into your home as possible.

“In summer, look to get airflow through the house, use fans rather than air conditioners wherever possible, and encourage shade to keep sun away from bedrooms especially. If it is feasible to retrofit verandas, that can make a massive difference to your comfort in summer time – and it could be well worth the investment.

“When it comes to the garden, think about acquiring at least one water tank to reduce your reliance on scheme water – and remove grass in favour of a native, water-wise garden. Grass guzzles water at an alarming rate, and since it requires fertilisers, unfriendly inorganic chemicals are introduced to your garden. By eliminating grass from the equation, you will be making a massive difference to your impact on the environment.

“Jorge Inberger is a Professor at UWA, and one of the world’s leading water experts. His message is in effect ‘Do not worry about saving money on the shower, just do not have any lawns. You are wasting far more water on lawns than by having ten minute showers.’

“I am sometimes asked about artificial grass – and you have to consider the energy cost of producing it in the first place, and the adverse effect of having to send large amounts of plastic to the tip when it has outlived its purpose. A well designed native garden with appropriate plants provides shade, variety and interest in a garden – and it pays dividends to get advice from a qualified landscaper who will be able to help you in terms of design and plant selection.”

“In summary, when it comes to reducing your carbon footprint, and you have an existing home, I would rather come up with appropriate landscaping, and a generally organic solution. In our own home, we capture water in underground tanks, make good use of grey

water for reticulation, have shade where we need it, and we have planted a range of trees which provide fruit across the property.

“There is a fully stocked ‘vegetable garden’ at the back, and in place of lawns and grass verges, we have a vast range of magnificent native plants – even on the verges. We pick things that grow in our soil, and they have taken root.

“Borrowing the Earth from our children is a debt that requires greater awareness, greater determination and greater commitment to doing the right thing by making a start right now! Everyone, regardless of the kind of home they live in, or their circumstances, can help to reduce the carbon burden that the Planet has to bear.”

NOTES

- Cf Garry’s architectural journey is documented at: <http://ecotect-architects.com/about-us/history.aspx>
- Baverstock, Garry and Paolino, Sam. *Low Energy Building in Australia (1986)*



GARRY’S TOP TIPS FOR REDUCING YOUR BURDEN ON THE PLANET’S DELICATE ECO-STRUCTURE

- If you are building a new home, consider the benefits of working with a qualified architect, rather than purchasing an inflexible off the shelf design from a project builder.
- Architects’ fees are an investment not a cost
- Ask your architect to help you to select a block which is correctly oriented to take advantage of passive solar warming in winter, and cooling in summer
- Make sure you specify high ceilings

- Insist on the installation of a power generating PV system – and choose carefully. Ask your architect about PV systems that are engineered to last.
- Ask for a quality, well engineered solar hot water system to be specified. It will reduce your energy consumption greatly (in most households, the heating of hot water accounts for between 24% and 35% of power consumption.)
- Ask your architect to explain about grey water and storage tank options.
- When it comes to landscaping, eliminate grass from the equation and seek the advice of an experienced landscape architect/designer who can guide you on options for trees, shrubs, shade, reticulation, water features, and native water wise garden plants.
- If you are renovating, make solar power options a priority
- Replace grass with a native garden
- Look at ways in which you can shade areas that receive direct sunlight in summer, and open the house to natural light as much as possible.
- Talk to your architect or renovation company about the possibility of retrofitting verandas to provide more shade and protection.
- With the population rising month by month, year by year, the dams cannot keep up and underground water resources are under pressure. Take shorter showers, and be aware that every time you turn the tap on you are expending a valuable resource.

Architecture



AFFORDABLE ECO HOUSE DESIGN ECOHABIT

Exceptional architecture requires an inspired, intuitive spirit, and this is definitely the case when considering Ecohabit. Co-Directors Adrian Fratelle and Kylee Schoonens live and breathe their work, and have a passionate commitment to harnessing their considerable skills within the Group to create designs that work better and with more pizzazz in homes, offices, care facilities and in many other sectors.

Adrian Fratelle has earned a deserved reputation for a series of unique and affordable house designs, all of which incorporate passive solar and environmentally friendly architectural principles. Recent awards reflect his skill and success in marrying clever design with street front appeal and astute use of modern materials to create visual and environmental harmony. When you mention 'eco design' to Adrian, his eyes light up, the pad and pencil comes within range, and ideas begin to flow.

As a committed environmentalist, Adrian and his boutique studio also feel a duty of care to transfer hard won skills to a residential market which is becoming more aware, better informed, more inquisitive about carbon-related issues and increasingly concerned about the future of their children. If the fragile environment in which we live continues to be treated with such rampant disrespect, a stand has to be made. Where better to start than by bringing eco-friendly design to the world of affordable housing, and within the reach of families who would otherwise settle for a conventional project-built home?

Ecohabit has a series of exciting new eco designs which will allow everyday families to enjoy beautifully designed homes, significantly reduce their cooling costs in summer and their heating costs in winter, take advantage of higher performing materials and dramatically reduce their carbon footprint. It is a compelling



proposition, with leading edge design leading the way to a more environmentally conscious way of living.

While Adrian designs across the board, his grounding has always been residential. "I have always loved doing residential work because at the end of the project, you have designed and helped to create someone's home. They move in, it is special to them, and in many cases it will be a home that they will live in for 10 to 20 years or more. The home is really part of the occupants and it becomes part of their being. A beautiful building, delightful space, will give you vibrancy, it will give life, and it will be an enjoyable space to be in. Confined spaces will make you feel constrained and even frustrated.

"When you are designing a home that will provide vibrancy and vitality, one that really works for people, it is really exciting. It is a wonderful to visit those clients with their families after they have moved in and have been living there for a while. You can just see that their whole persona has changed, and they are just different people. Their lifestyle has changed and it has adapted around their home. That is the really cool thing about what we do.

"Thanks to Kylee's work, we have a lot of knowledge about what works best in terms of design for aged care. If you are designing for elderly people, you aim to locate bedrooms where you can get lots of morning sunlight. Elderly people tend to wake up early anyway,



so beautiful sunlight coming in through the home gives that vitality and that energy to get up and actually do something with your day. In contrast, the same room on the dark side of the building might find people reluctant to get out of bed early, and be less motivated towards activity. Design really can change lifestyle, and there is a lot of psychology attached to it.

"The process of designing a building for a client, especially a residential client, is that it needs to be theirs as much as ours. We need to have as much input from them as possible so that we come up with a building that suits their requirements, their needs and their lifestyle.

It is a team effort in that sense. There is no point in us producing a building which we are happy with, but which does not work for the client and ultimately leaves them dissatisfied.

Even if we are working with a templated eco home which a client has selected from our range, we must ensure that it suits the client's lifestyle."

THEREFORE CONSULTING ... VIRTUALLY COUNSELLING ... IS AN IMPORTANT PART OF THE PROCESS?

"Definitely! The design process starts with us having several informal client meetings to really identify what they require. We chat about the type and number of rooms, and how they are going to use those rooms. We then establish a functional relationship diagram where we take the room sizes that the client has given us and start laying them out on paper, but with the site in mind to work out the best position for light, energy efficiency and functionality. We need to be sure that the volume space in each

room works. For example, there is no point in having a six metre by six metre bedroom if you are just going to have a bed in it – there would just be a void. So it is about us coaching the clients into what will be an economical size, and space that will provide the right vitality to each room."

WHAT IS THE ECO RANGE ALL ABOUT?

"The Ecohabit brand that I am passionately committed to is all about delivering housing which will be affordable for most people who are considering building a new home. It occupies the middle ground between project homes and the luxury market by offering very eco friendly qualities and good energy efficiency. We are offering a series of standard single and two storey home designs which a client can select from. Alternatively, clients can take the other path and have an individually designed home which is tailored entirely to their needs in terms of aesthetics and how the building presents to the streetscape.

"The options are flexible. For example, we can take a contemporary style home and change it into a cottage look and feel, but the solar passive and other design principles for all our homes will remain the same. Instead of the normal six star rating, we will aim for eight stars with optional extras such as solar power, solar hot water systems, grey water systems, rainwater storage and 'vergola' systems (mechanically levered patios).

AT WHAT POINT SHOULD A POTENTIAL OWNER OF A NEW AFFORDABLE HOME COME AND TALK TO YOU? WHEN THE IDEA OF THE BUILD IS IN THE CONCEPT OR DREAM STAGE? OR WHEN THEY ARE CONSIDERING A BLOCK? OR, WHEN THEY HAVE ACTUALLY PURCHASED A BLOCK?

"Before they purchase the block! We like our clients to meet with us and understand what



the limitations of the site might be, and get an idea about orientation, rear laneway accesses and other considerations. We can then give them some feedback on what would be the best site to suit their lifestyle and their budget. Many clients will come to us with a site already purchased and the orientation is not ideal. It could be a beautiful block and spectacular location, and we can make any site work, but some are definitely better than others when it comes to locating an eco design home.

“Ideally, what you want is a block facing east or west, with the long boundary to the north. That way you stretch the house down the boundary and you can get plenty of northern winter sunlight to the home. Perth is one of the best places in which to design a house. The sea breeze from the southwest means that you can draw the air out of the house in the afternoon by creating a low pressure zone on the leeward side of the house (opposite side to where the wind is coming from.) The roof can virtually act like an aeroplane wing – especially if it is a skillion type. You will also enjoy great crossflow ventilation for summer cooling and sunlight penetration to warm the property in winter.

“North facing blocks are more difficult to design for because typically this elevation is the best position to locate living areas for winter sun. However, this also exposes the living areas to the street which is less private. We usually end up with a U shaped courtyard type house design for that type of block.”

DOES IT COST MORE TO BUILD AN ECO AFFORDABLE HOME THAN A TRADITIONAL HOME?

“Not in the long run ... it just requires great design. Builders of traditional project homes



with pitched roofs can get right down to the bare bones in terms of design and building compactness, and that is why they can build homes so inexpensively. You will pay no more for an eight star Ecohabit home which will perform really well through all seasons than you would compared with a custom designed home of lesser performance. The cost of running an Ecohabit home will be appreciably less than a conventional home, so over time there will be a significant payback.

“In the future, it is likely that mandatory disclosure will be employed throughout Australia for residential homes. Anyone selling a home will be required to have that building assessed and a star rating will be applied. That rating will ultimately affect the sale price of the home. Consequently, a home with a higher star rating will attract a better sale price than another home of similar size, amenities and location.

“There is a misconception in Perth that we only design just to cope with the heat in our summer. In fact, on average, we currently spend more energy heating a house in winter than we do cooling in summer. Our designs not only take advantage of a good sea breeze to cool the home but they will also take advantage of the abundance of winter sunshine to warm the home. Both of these strategies will save the homeowner money on cooling and heating. Most of the time, people can tolerate a bit of heat, but the minute it gets cold we go for the heater and switch it on!

HOW DOES PASSIVE SOLAR DESIGN HELP TO HEAT A HOUSE IN WINTER?

“You need to establish thermal mass in the house - whether it is the concrete slab or some internal walls – and direct sunlight onto that thermal mass to heat it up during the day. When you close your house at night,

the thermal mass will radiate the heat back into your house and keep it warm during the evening. In summer, shade or louvers will keep the heat out, and you can use high level windows to help create a low pressure system to draw the warm air out. If you can design around those basic principles you should not need to run heating or air conditioning in Perth. Perhaps on the coldest nights you might need a bit of extra heat just to take the chill out of the air – but that is about it!

“Timber flooring is very popular these days, but when you are aiming to warm up a thermal mass with winter sunshine, timber is not an ideal option as it does not retain heat. One way to have the best of both worlds is to have polished concrete for a metre or so in front of the windows, and then use timber flooring for the rest of the room. Polished concrete has a lot of visual appeal and is well worth considering for north facing rooms where you are aiming to make the most of passive solar design.”

WHY IS A SKILLION ROOF DESIRABLE IN ECO DESIGN?

A skillion is a single pitch roof, typically orientated so that it pitches up to the north and allows you to make the most of southerly breezes. They work really well and have been used around the world for a very long time. The other advantage of the skillion roof pointing to the north is that the sunlight and radiation is actually deflected away from the roof – as opposed to a conventional pitched roof which faces directly towards the sun.”

“There is another misconception about ‘whirlybirds’ to extract heat from roof spaces. That is the last thing you should do, because you need to seal that air space and keep it tight as an insulator. That is why metal colorbond roofs perform better than tiled roofs which



allow air to escape far too easily.

“Not all councils and development areas approve skillion roofs as they present a non conventional street view. However, some estates, such as Perry Lakes, welcome these designs because they fit in well with a contemporary style of housing.”

SKILLION DESIGN MAY HAVE A BOX GUTTER WHERE THE JOINS IN THE ROOF MEET. CAN THEY COPE WHEN THERE ARE MASSIVE DOWNPOURS, AND IS RUST AN ISSUE?

“People are suspicious about box gutters because they think they are going to leak and allow your house to fill up with water. That is far from the truth. If your box gutter is designed correctly with enough fall and wide enough for a broom to sweep it out one a year, it will perform perfectly and last as long as the house. Conventional gutters are dangerous to clean out as you have to work right at the edge of the roof. In contrast, box gutters are easy and safe to reach and you are on the low side of the roof, protected from both sides.”

HOW IS WALL CLADDING AFFECTED BY ECO DESIGN REQUIREMENTS?

“In terms of construction for energy efficiency, the standard in Perth has been double brick for a long time. A better construction is reverse brick veneer, with brickwork on the inside, and timber frame cladding on the outside. The trouble with double brick is that once it heats up it starts radiating heat into the house, and if there are a series of hot days it is hard to cool your house. Wood is not a good conductor of heat, therefore reverse brick veneer is a really effective construction method. There is massive range of claddings on the market from timber boards through to fibre cement sheets.





These offer a variety of looks from traditional through to contemporary and offer a wide range of insulation ratings."

IT IS OFTEN STATED THAT MOST CONVENTIONAL HOMES EXPERIENCE SIGNIFICANT HEAT LOSS THROUGH GLASS. WHAT CAN YOU, AS AN ARCHITECT, DO TO HELP MODERATE THAT EFFECT?

"There are many different types of glass available these days including double glazing, triple glazing, and glass with metallic film embedded to help stop radiation getting through, and high performance glass which performs almost as well as double glazing without the second layer.

"Just be aware that you have to be careful about your choice of glass in different rooms. For example, with north facing rooms, you want glass that will allow winter sunlight through ... and you want double glazing or similar with your south-facing windows. It is not as simple as choosing the same glass all way round the property. Similarly, with verandas, you do not want that degree of shade for your north facing windows. It is better to plant deciduous trees that will maintain shade in summer, and allow the sunshine through in winter."

THE JURY SEEMS TO BE OUT ON SOLAR PHOTO VOLTAIC (PV) PANELS WITH SOME CHEAPER SYSTEMS PERHAPS NOT ABLE TO STAND THE TEST OF TIME.

"The amount of energy per square metre that a solar panel can produce will differ from one manufacturer to the other. Some systems will only have a three to five year life span, and when you consider the energy required to manufacture the panels, this is not a good service to the environment. Quality systems should last up to 15 years and since

the converter and panels could be replaced over time, the investment in well engineered systems is worthwhile."

DO YOU GENERALLY RECOMMEND SOLAR HOT WATER SYSTEMS WHEN CLIENTS WANT TO SAVE ON ENERGY COSTS?

"If you are interested in saving energy, a top quality solar hot water system will pay for itself within five to seven years. When you consider that most families consume up to 40% of their power requirements in heating water, solar hot water systems can be a wise investment. However, seek advice, and do your due diligence before you invest over \$4000 on a system."

WHAT ARE YOUR THOUGHTS ON CAPTURING RAINWATER AND GREY WATER TO REDUCE RELIANCE ON SCHEME WATER?

"Rainwater harvesting is very important, and it is something we should all be looking at. How you use that water is really important, and since we use more water for flushing the toilet than anything else, it is best used for that purpose. If you want a grey water system, you need a minimum of 50 square metres of garden space to make it work for the average home, and this is not always possible with inner City blocks.

"Regulations will not permit you to store grey water; it has to be distributed to the garden and vegetable plots immediately.

"If you want to be self sufficient with rainwater, then you are going to need tens of thousands of litres of water. If you are on a suburban block, you may have to go underground – perhaps below the carport or a more accessible area. We would look at each case on its merits, and recommend accordingly."



DO YOU WORK CLOSELY WITH LANDSCAPE GARDENERS TO HELP CLIENTS ENHANCE THE EFFECTIVENESS OF PASSIVE SOLAR DESIGN AND INCREASE THE OVERALL VALUE OF A PROPERTY?

"Yes, astute landscaping is vital. Water wise plants and natives are ideal – especially if you have a recycled grey water system. Make sure that you choose plants that provide shade at the right time of the year. Avoid astro turf which gets incredibly hot in summer, and keep concrete and dark pavers away from north facing windows since they will reflect heat into your home.

"Passive solar design and landscape architecture should work closely together to enhance the overall appeal of your property, and enable it to function effectively throughout the year."

DOES LOOKING AFTER THE ENVIRONMENT BETTER COME DOWN TO ADOPTING SOME BASIC RULES AT HOME?

"The idea behind the 'Ecohabit' name is that we want these houses to create good habits in people. Good habits in terms of recycling, good habits in leading an energy efficient life and maintaining a low carbon footprint. Good habits in not needing to use lots of heating or air conditioning because the building design makes it unnecessary. The homes we are building reflect a lifestyle and a passion to work with Nature and not against her - and that is where the eco habit really comes from.

"What we are offering is a turnkey solution where we will be working with a panel of boutique builders each of whom can demonstrate an established reputation for quality and reliability. Our clients can expect a home which is environmentally and ecologically

responsible at a competitive price which fits neatly in with what they would normally expect to pay. Ecohabit homes will appeal to those who are thoughtful about the environment and want to harness the passion and commitment of seasoned architects who are committed to excellence in design."



ADRIAN'S TIPS & ADVICE

- A well designed house that is in harmony with Nature can complete your life and add vibrancy to your lifestyle.
- You can choose to lower your carbon footprint by opting for an environmentally friendly design that minimises the cost of heating, cooling, water and energy. It need not cost much more than a comparative 'project home' of equivalent size, and the operating costs will be significantly less over the longer term.
- Talk to your architect before selecting a block so that you can gain maximum benefit from solar passive orientation.
- Learn from your architect how a well designed house can remove the need for air conditioning in summer, mostly avoid the need for heating in winter, and reduce your water bills to a trickle.
- Make eco habits your way of life, and live the sustainability dream.



Prestige Builder



YOUR DREAM HOME IS OUR DREAM JOB BARBARO HOMES

"Perfection is impossible to achieve, but we come as close to it as we possibly can." Joseph Barbaro

Building is in Joseph Barbaro's blood. It is in his DNA. From gaining work experience in an up-market cabinet-makers while still at school, then graduating to a cabinet making apprenticeship and later doing a stint as a brickie's labourer before being thrown into the deep end as a supervisor with one of Perth's leading project builders, Joseph has always held a fascination for creating things with his own hands.

A perfectionist, Joseph has always driven himself that little bit further to create and deliver for his clients a higher quality outcome. Barbaro Homes is the culmination of his life's dream of being able to transform other people's dreams of their ultimate home into a bricks and mortar reality.

When you build a Barbaro Home you do so knowing that every brick, every tile, every dovetailed join is backed by Joseph Barbaro's personal passion and commitment to delivering the ultimate in creative home design to the highest standards possible.

LUXURY TO A BUDGET

We began our interview with a pretty straightforward question to set the scene:

WHAT IS THE DIFFERENCE BETWEEN A LUXURY HOME BUILDER AND A PROJECT BUILDER?

"Every home is a luxury home to those who build and live in it. The saying 'a man's home is his castle' is spot on. I suppose if you want to qualify the term 'luxury', it all comes down to having the luxury of time to devote

to the home's construction. Time, is the one important factor that separates the project builder from the luxury home builder.

"You cannot build on quantity, it is always quality first. It is not about volume it is about value. If we build five homes in a year, that can be a busy year for us. But for a project builder, it probably constitutes less than one week's work. Their market is volume and it fills an essential niche in our State's increasing demand for growth and expansion - ours is a more personalised one on one approach."

Intrigued, we explored a little further.

WHAT QUALIFIES AS A 'LUXURY HOME'? IS IT SIZE, OR PRICE? SINGLE OR DOUBLE STOREY CONSTRUCTION?

"Every home we build is our client's luxury or dream home! In answer to your question, neither cost nor size comes into the equation initially."

Just the mere mention of the word 'luxury' probably scares some people off because they immediately think luxury equates to something that is costly and way out of their reach.

"That is often true. However, our premise is to provide luxury within the scope of that person's budget. It is all relative. The average working couple scrimp and save to a point where they can afford to go and buy a new car. They might only be able to afford a Holden Commodore, so they go out and spend their \$30,000 and to them that is their limousine.



Every weekend the husband polishes it and makes sure it is gleaming because that is his pride and joy, his luxury.

"We believe that every home we build, whether it be a \$350,000 intimate single storey with character or a rambling \$950,000 two storey sanctuary it is our client's luxury home. That is what makes us different from the others.

"We listen carefully and channel all our expertise and experience into delivering what the client wants in his or her dream home, not what we think they want. We do not try to adapt from a stock standard range of designs.

"Every Barbaro Home is an original and that is the way it will always be."

CAN YOU TAKE US THROUGH THE BUILDING PROCESS, STEP BY STEP, SO THAT WE CAN GET A BETTER HANDLE ON WHAT IS INVOLVED?

"It is a fairly detailed process that can take anywhere from 12 to 20 months to build depending on what is involved and it requires a lot of patience. Do not build if you want to move into a home quickly. Instead, purchase an existing home to which you can add your own personal touch.

"All of our business comes from referrals. Therefore, the first step in the process is a face to face meeting over a coffee, with the purpose of developing a rapport and to make sure there is a 'fit' between us.

"Then we sit down with our designer and take a brief from the client. - that is if the client does not already have an architect's plan or design. Every home we build is a one-off original.

"From here it is probably easier to represent the steps in summary form:

(Note - there has been no expenditure to this date. However we do ask for a design deposit of between \$1,000 to \$2,000)

Initial Design – for review and approval

Pricing – assess, quantify and price as fixed contract based on design sketch (detailing what is included)

Formal Proposal – finished design, fixed-price figure and its inclusions

Client Approval/Building Preliminaries – once approved with final changes, we ask for 3% 'Preparation of Plans' Agreement payment. While plans and contracts are being prepared, work starts on land contour surveys, engineering, soil samples and other preliminary steps required before building starts

Contract Signed – based on standard HIA contract. This covers both the builder and the homeowner

(Note – changes, revisions and alterations can still be made throughout these stages)

Contract Signing – Sign off on fixed site costs and any variations requested since original design process, and once engineering/plans are submitted, a further 3.5% progress payment is requested (within HIA contract guidelines)

Apply For Building Licence – while this is being processed, we refer clients to other contracting suppliers for 'pre-start' selection process. Colours, interior design, lighting, fixtures and fitting selections, upgrades – all the elements that turn a house into a home! Once building approval is received the construction process begins

Time Elapsed To Start of Pouring Slab on Site is around Four to Six months. This will depend on there being no delays through the Council process and the complexity of the design. The larger the home and the budget, the more time it usually takes.

Construction Phase – usually around 12 months for a two storey and involves up to 40 different elements using 40 different trades."



WITH SO MANY DIFFERENT ELEMENTS AND TRADES INVOLVED, HOW DO YOU ENSURE THAT THE CONSTRUCTION PHASE RUNS SMOOTHLY?

"We employ what we term our 'Process Management System' to help us supervise and oversee the construction process. It is a computerised step by step procedure that identifies tasks and milestones. For example, when bricklaying is ready to start, roof timbers should be ordered or tilers, electricians or plumbers are ready to move in. It is a book in advance system and has a built in allowance for a two week 'lag' either side of projected dates.

'It is also linked to further progress payment milestones. Here is a quick summary of those milestones where various progress payments fall due:

- **Slab Pour** (single and two storey options)
- **Single Storey – Brickwork Plate Height**
- **Roof Cover**
- Lockup Stage
- Tiler Payment
- **Practical Completion Phase** (brings contract phase to end)
- **Variations** (if any)
- **Pickup Keys/Handover** (once bank transfer of final payment processed)

*For two and multiple storey builds, there are first and top floor brickwork plate height milestones and suspended slab payments before roof cover stage."

WHAT ARE THE LARGEST OR KEY COST POINTS IN BUILDING A LUXURY HOME?

"It is a combination - we can sit down with the owner and our designer/architects to design a

home with many luxury inclusions and 'outside the square' design elements that add to the construction cost of the home.

"That is one element - the 'luxuriousness' of the design. The most cost efficient home is a box on blocks. Straightforward, easy construction methods, but if you go circular or angular, or start including overhangs you are involving steel structures and engineering at greater cost.

"Then you move on to the next step - fixtures and the fittings - tapware for example. We can install attractive tap fittings that cost anywhere from \$150 to \$200, or we can choose more upmarket options such as Grohe plumbing fixtures and fittings or the Gessi range from the Abey range of products.

"We know a balustrade company who can custom design balustrading to suit the wildest imagination. There are clients who have spent \$100,000 just on a balustrade - something you would be hard pressed to justify in a \$300,000 house! Consequently, the more complex the design, the more it is going to cost."

WHAT ARE SOME OF THE PITFALLS IN TRYING TO 'DO IT YOURSELF'? FOR EXAMPLE COMMISSIONING AN ARCHITECT TO DRAW UP PLANS AND HIRE SUB CONTRACTORS?

"Good luck, that is all I can say! We find it hard enough to juggle all the different balls in the air. Remember, there are 40 different elements involving 40 different trades, and we do it for a living day in and day out.

"If you are not familiar with the trades, or involved in the business, you would be well advised to forget it. Ask yourself, 'Do I have the time? Do I have the expertise? Do I know how to plan and stage the build process? Can I cost and budget the process and cover all aspects? Do I really want the hassle over a prolonged length of time?'

"Not only will you consume a lot of your own time and effort, but in all likelihood there will be cost overruns that you had never envisaged. The key message is: If you want to build your dream home, put your trust in a professional builder with an outstanding reputation ... otherwise you could end up with a nightmare."

IS THERE A GROWING DEMAND FOR LUXURY HOMES IN PERTH?

"I believe that everyone has a desire to achieve more in their life, and many people want to keep upgrading to a more attractive, upmarket home. Most people want to keep upgrading to something better. It is the same when you buy a vehicle and then sell it later. You want the next vehicle you purchase to be even more upmarket.

"The first time someone builds a new home they will always be limited by budget. If, or when, there is a next time, you will be striving for something better ... a home that reflects your achievement or status."

ARE THERE POCKETS WHERE THE MORE UP MARKET, EXPENSIVE HOMES TEND TO BE BUILT?

"The most expensive homes in Perth are normally built on the most valuable land, which is to be found in the areas of Mosman Park, City Beach, Applecross, South Perth and Dalkeith, with Jutland Parade being known as 'Millionaire's Row.'"

AVAILABILITY OF LAND HAS NOW BECOME A MAJOR ISSUE HASN'T IT?

"Nowadays people are knocking down old homes and rebuilding, or building at the rear of those properties. There are some older areas, like Maylands, that have been re-zoned by councils and are attracting more luxury home builds that are now fetching prices in the \$700,000 to \$800,000 bracket, which is what you can expect to pay for a large family size 4 x 2 in areas such as Canning Vale. The perception of the 'millionaire's home' nowadays is probably more in the \$2 to \$3 million and upwards range."

IS IT STANDARD OR MANDATORY PRACTICE TO OFFER A GUARANTEE? IF SO FOR HOW LONG AND WHAT DOES IT COVER?

"Barbaro Homes works with the standard HIA contract guarantee. We offer a standard six year structural guarantee within that contract.

"Ultimately, the builder is always liable. Our belief is that if we build a home and three to four years down the track something relating to the building process needs to be dealt with, we will be the first to put our hand up to resolve the issue.



"If the client has called us - and even if it is a general maintenance issue as a result of normal wear and tear in the home - we will do our level best to help out and bring the home back to its maintainable level at a reasonable cost. We want our clients to know that the relationship that we have developed through the building process is there for a lifetime."

WHAT IS INVOLVED IN THE HANDOVER PROCESS WHEN THE CONSTRUCTION OF THE HOME IS FINISHED?

"When the home is complete, we carry out a 'practical completion inspection process'. We expect high standards and we are seeking to achieve that with every home we build.

"As with the majority of builders, we give the client the opportunity to inspect their home in their own time, usually over a ten to 15 day period, where they may bring to our attention anything that we may have missed. We go out of our way to ensure a high quality building experience each time, but if there is anything that a client is not happy with, it will be rectified."

"Then we invite them to our office for a coffee, provide them with any additional documentation that allows them to get a better understanding of the maintaining of their home and offer them a six month maintenance period as well, which is just literally the settling of the home and any other little things that may arise.

"Items requiring remedial attention generally come to our notice within the first six months. However, if a client came to me 12 months after handover and said 'I have still got a bit of cornice cracking', I would fix it anyway as that is all part of the reputation we are establishing at Barbaro Homes. I always want our clients to be happy."





JOSEPH BARBARO'S TOP TIPS ON BUILDING A LUXURY HOME

- For most of us, the building of a home will be the most expensive undertaking in our lifetime. You need to find a builder who has high standards, delivers exceptional quality and has a reputation for always being ethical throughout the building process and will look after their client. In short, it needs to be someone who shares that same passion for your project as you do!
- Do your research. In Western Australia, you can find the names and contact details of registered builders at the Master Builders Association website <http://www.mbawa.com/>
- Learn which companies are building the style of home you want to build and the prices you can expect to pay. The best way to carry out due diligence is to call a builder and ask them if you can drive past and look at the houses they have already built for clients and ask if you can talk to their clients.
- Real estate agents are often a valuable information source, as are friends and relatives who may have recently had a good experience with a builder (or perhaps a bad one!)



- When you talk to builders and other homeowners, take detailed notes to record the information you find and your personal impressions about builders and homes. Later it will help you to compare and decide.
- Talk to several home owners, and try to get a random sample of opinions. The more people you talk to, the more likely you are to gain an accurate impression of a builder.
- Ask home owners: Are you happy with your home? Did you have any issues? If so, were they fixed promptly and properly? Would you build with this builder again?
- Ask who is going to supervise the building of your house or development? Will it be the same supervisor throughout the building process? Are you able to be regularly in touch with the supervisor?
- Lastly, once you have decided on your builder, trust in and rely upon their advice and judgement and not a 'know it all' family member or mate who claims to know what he is doing. We do this for a living, and we back our advice with building knowledge and years of experience!



Property Development & Project Managers



PUSHING THE BOUNDARIES BEYOND BOUNDARIES PROPERTY SOLUTIONS

Peter and Heather Grygiel are not your normal square peg in a square hole property developers and project managers. In fact, they go beyond the normal boundaries, literally, and explore options that maximise a site's 'buildability' and efficiency whether, it be for a standalone home, a duplex, triplex, a mini-estate subdivision or a multi-unit complex.

Their strengths are in their ability to make that square peg fit into the round hole and create designs and living areas that fit seamlessly to the block and not just the budget! They build to the design their client wants, not what suits the builder or is adapted from an existing design. If a client does not have the land to build that dream design on, Beyond Boundaries will find the ideal block, no matter where it is!

You will not find the words 'no' and 'can't' in Peter and Heather's dictionary. Peter is an expert at finding his way around Perth's many and varied shire and council planning departments and knows the right questions to ask regarding building rules, regulations and approvals. Heather, is a wizard at finding the ideal vacant block, even in those hard to find spaces in some of our more sought after suburbs.

Together they are a formidable team who adopt a very much hands-on, personal approach to every project they manage. From identifying the site to creating a design solution, all the way through to the necessary approvals and construction, they go 'above and beyond' their client's expectations.

Beyond Boundaries is certainly a very appropriate name for a couple who definitely think outside the traditional property development box.

We started by asking Peter Grygiel, how Beyond Boundaries 'discovered' their niche in the market, and inadvertently received a brief but in-depth overview of the big picture for on the future direction of the Perth property market.

"In today's 21st century world, the old roomy quarter acre block where kids could play and you could put in your vegetable patch is not really part of the dream. With better organised sporting activities, electronic games and some parents not even game to let their children outside the garden, and government focusing more effort on urban infill and re-zoning, land usage has become more and more part of the grand plan.

"When we consider a thousand square metre block, there are now so many different options open to us – we can put three or four villas on it, build three or four larger family-sized homes, or perhaps erect ten apartments. It is all an inevitable consequence of the evolution of our City and our people. Perth and every other modern City in Australia and around the world is following the same sort of framework.

"State governments are constantly examining different infrastructure requirements to best suit future lifestyles. Therefore, 20 and 30 year planning designs that relate to the idea of infill development currently dominate the future landscape, and the West Australian Government is no different.



The West Australian Planning Commission (WAPC) has released a document called *Directions 2031*, which is a statement by the State Government to local government authorities, property developers and owners alike that they want to see 55% of new homes built over the next 20 years coming from infill development. Naturally, this is an area where we, as project managers and niche market developers, want to focus our endeavours. “

BUT BY THE SAME TOKEN, THERE IS STILL SO MUCH LAND IN PERTH, HAVE THEY NOT CONSIDERED THE DIVERSIFICATION OF LAND IN DEVELOPING NEW SUBDIVISIONS - OR IS THAT PARALLEL TO IT?

“Bringing diversity to our City is their desired planning outcome. The old cookie-cutter approach is not what the visionaries and the planners have in mind. What they want to see is a vast amount of variety.

“The ultimate outcome is for higher, more diverse density that creates an environment where homes become more affordable. As an example, we took four side by side sites in Canning Vale, all facing lovely parkland with a lake. We amalgamated the four sites and subdivided the land into 13 smaller strata sites.

“The houses that resulted were obviously smaller than other larger homes in the area. They were built to a similar standard, but were far more affordable because of the reduced land size and reduced volume of building materials involved. Per capita, it was a cheaper way for our buyers to establish a presence in this desirable suburb.”

DOES THAT DRIVE UP PRICES OVERALL IN THE SUBURBAN AREAS?

“It has the reverse effect. In our 2008/2009 Canning Vale example, around 500 houses

were sold in the area, of which we probably accounted for 80. Ours were at the bottom end of the price range at \$320,000 to \$350,000 (when the average price in the area was \$450,000) so we effectively lowered the median house value.”

MIXED DENSITY THING IS PART OF THE NEW DIRECTION. DO YOU SEE THAT BECOMING MORE AND MORE EVIDENT IN NEW DEVELOPMENTS HERE IN PERTH?

“Again it is a desired outcome that this process starts appearing in new developments on the outskirts of suburbia, as well as the inner suburbs.

“The State Government ruling, released through the WAPC, is a set of laws that encourage people to build multiple residences, which is where one dwelling rests above another - flats, apartments, units - but we are focusing here on balancing a variety of build styles and preferences. You might still have older residents on their thousand square metre block with its vegetable garden and shed and next to it there might be three or four villas on one side and ten apartments bordering the other boundary.”

WHAT CRITERIA ARE USED IN ASSESSING AND IMPLEMENTING THE REZONING? WHY ARE MORE AND MORE COUNCILS ADOPTING THIS PRACTICE?

“Councils are adopting this approach because they are being encouraged by the State Government as part of their *Directions 2031* vision. But the area selection process and criteria is based on what is called ‘spheres of influence’ for each individual suburb or location.

“The strong ‘people drawers’ are going to be train stations and high frequency bus routes because they want to be close to public transport networks, shopping centres, sporting and medical facilities. Wherever these areas are located, and they are usually clustered together, we have spheres of influence radiating out from higher to lower density as we move further away from these locations.”

COULD YOU EXPLAIN THESE R20, R40, R60 CODES A LITTLE MORE FOR US? WHAT DO THEY MEAN, AND HOW THEY ARE INTERPRETED?

“In simple terms, an ‘R code’ describes the number of residential dwellings allowed per

hectare of land. So 10,000 square metres of land is zoned R60, so it cannot house more than 60 dwellings.

“That is the original interpretation, and then, as these things do, the goalposts are moved. Therefore, R40 would suggest that you require a block of land at 250 square metres to undertake an R40 development, whereas, in fact, you only need 220 square metres and in some exceptional circumstances you could do something on a block as small as 160 square metres, because they have moved the goal posts. However, the original intent was that hectare alignment.”

WOULD R20 DICTATE THE NUMBER OF, OR TYPE OF DWELLING YOU CAN BUILD ON A SITE? FOR EXAMPLE, DUPLEXES, TRIPLEXES, MULTI-SITE DEVELOPMENTS?

“With R20, you cannot build any multi-sites. Multi’s are for R30 and above. R20 is the most common code and it is really just saying that if a block is less than the old quarter acre then you cannot subdivide it.”

THEREFORE, WITH R30, IS ‘MULTI’ ALLOWED?

“Yes. Multi is ideally focused on two or three level and clusters of between two and twelve residences. For example, a 1,000 square metre block in any location, you can put up to ten apartments, zoned for four grouped dwellings only. So your quadruplex block could support ten apartments potentially.”

DOES THAT MEAN YOU COULD BUILD UP?

“No, because we are not looking at ‘multi’ multi-level – just a maximum two or three storeys. You can achieve your maximum build quotient on two levels and if your location is desirable and the concept is acceptable to Council.

“We attended the launch of a high-end development in the Western Suburbs where every apartment was about 150 square metres, and they were absolutely beautifully decorated and turned out. The ground floor units sold for \$1 million each. Second floor, \$1.2 million. Third floor, \$1.35 million – all pre-sold before construction! Of course it had a lift in the middle and underground parking, which made it four levels. A return of around \$12 million on this one little block of land.”



WHAT CRITERIA DO YOU USE IN ASSESSING THE BEST SOLUTION FOR EACH BLOCK? SIZE, LOCATION, PLACEMENT OF BUILDINGS, VIEWS?

“Number one is zoning, which will dictate its potential outcomes. The next consideration would be what the owner’s appetite is for expense, in other words, budget. From there I would assess the site’s ability to withstand affordable construction or whether there was a need to budget for extraordinary expenses to accommodate the site. It might be a sloping block ... it could need retaining walls and so on. Then we examine local government’s requirements. Finally, we look at the R codes and what actual design outcome options are available to us on the site. All these considerations come first before we even think about a design - it is all about doing your due diligence.”

YOU SPECIALISE IN EXTRACTING THE MOST OUT OF A BLOCK OF LAND, ESPECIALLY THE ODD SHAPED ONES. WHAT ARE SOME OF THE TRICKS OF THE TRADE IN HOW YOU APPROACH EACH BLOCK?

“If we have identified a viable site and we know it is worth pursuing, then I like to walk on it, and just get a sense of it, get a feel for the neighbouring properties, local influences as well, road noise, prevailing winds, orientation, the soil, the slope, and additionally, I always take plenty of photos. Looking at where the services are running in from can also have some bearing on which side the driveway sits for example.”

DOES THAT PROCESS WORK REALLY WELL FOR YOU ON A SLOPING BLOCK?

“Yes ... absolutely. Instead of gouging out one side, I can take fill from one side and build up the other to create a more level block. If I had





been sitting in an office looking at a few sheets of paper and plans, determining the ideal way to develop the site, I could have missed it. Just being on a block often gives you those insights and you can visualise how you can move things around in a way that is less expensive for the client."

YOU SEEM TO ADOPT A MUCH MORE HOLISTIC APPROACH TO THE USUAL 'ASSEMBLY LINE' OPTIONS PROJECT BUILDERS OFFER? IN OTHER WORDS, YOU BUILD TO YOUR CLIENT'S NEEDS, NOT THE BUILDER'S NEEDS?

"Correct. The typical approach is to first find yourself a block of land. Then you find a builder. You commit to them, based on their minimal understanding of your site conditions, and then later find out what things are really going to cost."

"Where we differ is that we help you to find a block of land, design a house that fits that block and suits *your* needs, not necessarily the builder's needs."

WHAT CHALLENGES DO YOU FACE WITH THE DIFFERENT DEVELOPMENT OPTIONS? DUPLEX, TRIPLEX, STAND-ALONE HOUSE AND MULTI LEVEL?

"The economics are not as obvious as we would like them all to be. When you build a lower density grouped dwelling that has clear setbacks from all boundaries and no boundary walls (simple 'boxy' houses) because the land has not forced design changes into the development, then the cost to build is exceptionally low. The cost per square metre to build, taking into account other factors, can be below \$700. So the cost to build the shell could be that low."

Now, compare that with a similar grouped

dwelling on a higher density site, where we might start building on two or more boundaries. The cost per square metre to build the shell will go up by between 25% to 50%.

"However, when we then look at building, for example, a grouped dwelling set up as a combination of double storey houses/townhouses, on really small R60 sites, where the land component might get down as low as 160 square metres, the costs of construction can escalate rapidly depending on the composition of the site."

"The design brief will be for small residences that still comprise one kitchen, two bathrooms, a laundry and a garage. All of the trimmings that go into making a house a home, are still there – it is just that the space is reduced and you can find that the price per square metre is two and a half times as much as the first example."

"And then we can consider multiple residential sites, where we are moving away from a typical residential structure into what is called a *Class Two* building that is regarded as more of a commercial type site, the construction costs for such a development, depending on location and complexities, could be as high as five times our original scenario."

WHY IS THAT?

"Let us take the typical apartment that we are looking at for multiple residential as an example. In our first example, with R20, you might work on a 180 square metre dwelling. In R40s, where you are doing small houses, you might get down to as low as 110 square metres. When you go to the double-storey option (R60) you might be still around 110 square metres in area, but you have to take the double-storey into account. Into multi-res, we can reduce down even further to about 75 square metres."

"At the 75 square metres we still have two bathrooms, a toilet, laundry and kitchen. So all the expensive items are still there, but what we have cut down on is all the air and space within. Hence the price per square metre is going to rise."

"Consider a typical West Australian structure. We have an external wall say 250 mm wide and if you want to build another dwelling against that you have build the same wall,

so we end up with these tiny little dwellings but there are half-metre thick masonry walls between them. Consequently, there are a lot of bricks going in to create the structure, and this affects cost."

WHAT MAKES BEYOND BOUNDARIES APPROACH BETTER OR DIFFERENT? IS THE KEY REASON THE FACT THAT YOU ARE NOT DRIVEN BY THE DESIGNS AVAILABLE AND ARE ADAPTING DESIGNS TO SUIT THEM?

"Definitely, we will go through and review/assess all the different possibilities and combinations for your development, and as we deal with a number of builders we have a wide choice. In addition, we are not limited by existing designs or the builder's influence. Once we assess the ideal project for you, we then place you with the building team best suited to your development, rather than first engaging with a builder who more often than not, steers you towards a project that suits their needs."

WHAT SORT OF PEOPLE COME TO YOU FOR HELP?

"It is an ever-changing market, which is fantastic but we get a lot of first homebuyers wanting to get into the market in any way they can."

"Down-sizing is definitely another opportunity. Many people are developing their backyards to make a bit of money and clear their mortgage, and then perhaps remain in the front house. But, generally, what happens is that they fall in love with the new house at the rear, up spec the front house, sell it, and move into a nice, no-maintenance property at the back of the block."

"The rapidly emerging market at the moment is investors who are starting to put their head out of the cave and see if it is worth coming out to have a play."

NEW INVESTORS CAN RECEIVE CONFLICTING ADVICE AND WILDLY FLUCTUATING FIGURES ON WHAT IS INVOLVED IN SUBDIVIDING A BLOCK OF LAND. WHAT IS YOUR ADVICE?

"There is a plethora of conflicting advice out there that looks at solutions in isolation because the people from whom you receive advice will usually be specialists but only within their own spheres."

"I do not think that there are too many people offering the sort of holistic advice that we do. If you approach the council, you will receive a specific answer addressing the exact nature of your question and not with any depth or breadth to it."

"If you talk to subdivision companies, or architects who are specialists within their own fields, they are not specialists in interfacing with the rest of the 'players' you will have to meet and talk with in order to deliver the outcome you want."

"Therefore, you will have surveyors who might give you advice that is skewed based on old information that they picked up. Architects can create great planning solutions, are brilliant at negotiating with councils and are obviously very talented when it comes to design, but they are not accountable for costing in most cases."

"The typical model is that you take these plans to a building company, only to become dejected and depressed when they tell you that your budget is more than double your expectations."

"Our value is that we package up and deliver the total product to you on time and on budget because we do not put the cart before the horse. We endeavour to understand everything about you and your project, before we even start thinking about designing and building a house for you."

THEREFORE, YOU THINK THROUGH THE PROCESS?

"Yes, we think through the process, the budgets and give you expert, fair minded advice on how each project might transition through the various approvals processes, what timelines will be involved and we will be there to back you up, support you and expedite



those processes ... it is all about project management."

WHAT IS THE USUAL BUILD TIME?

"Given some new changes in the approvals processes at local government level, stand-alone houses should be very quick to build, as they now do not need to involve State Government in the process - so approval can generally be obtained within three months.

"A straightforward single-storey build usually takes between five and seven months and double-storey homes between 10 and 15 months. The double-storey homes take longer to get through council because there are more stringent engineering requirements and additional planning issues, particularly with small blocks, which is where we specialise. With a double-storey home there is privacy and 'overlooking protection' built into the bylaws, so we usually have to go through a more lengthy approvals process and planning application. Therefore, it could take up to five months before you get approval to commence work."

WHERE DO YOU ENVISAGE THE PERTH HOUSING MARKET HEADING IN COMING YEARS? WILL WE SEE MORE MIXED RESIDENTIAL DEVELOPMENTS AND DECENTRALISATION OR RAPID GROWTH, AS DEMAND FOR RENTALS OUTSTRIPS SUPPLY?

"I think there will be a big push from the rental market. At the moment rental returns are quite disproportionate to the purchase price and moving even more so that way, which is going to bring a lot of attention from interstate and overseas investors.

"The most desirable investment product is a new home, due to its accelerated depreciation, and that is going to put further pressure on the availability of land.

"I also believe that there will also be an explosion of the multi-residential sites around Perth because of the recent laws changes. I know of over a dozen councils that are dealing with applications at the moment and, in due course, those are going to be approved and become a market reality.

"I think it is going to change the property landscape of Perth in a lot of positive, exciting

ways. It will create a two-tier market, almost three-tier in fact. Imagine a regular 1,000sq.m suburban site where you can

1. Build one or two McMansions at the lower density.
2. Demolish, subdivide and build three or four grouped dwellings at medium density
3. Use the highest density permitted to allow for ten apartments on the site.

What value do you put on that land?"



PETER'S TOP TIPS AND PITFALLS TO AVOID IN SITE DEVELOPMENT:

- Get expert, qualified advice that is independent in nature and then, once you have decided on your approach, surround yourself with the kind of holistic support that will help you through the process.
- Make sure you have a working knowledge of relevant planning restrictions and approval processes, or talk to someone who does.
- Do not take 'no' for an answer if you get knocked back on approval the first time. We know the sort of questions to ask to receive the answers you want.
- Do not be swayed, influenced or pressured into using an existing design that is 'adapted' to your block. Build your own design around the block.
- A small or 'awkward' shaped block need not limit your options. Beyond Boundaries specialises in making the 'fit' work.
- Do not be governed by convention. Think outside the square. Just because someone says it cannot be done, do not accept that as gospel. Look beyond your boundaries.

Pools



SWIMMING IN QUALITY AND STYLE LEISURE POOLS

In terms of investment, the purchase of a swimming pool ranks second or sometimes third behind the acquisition of the family home itself. As spring transforms into summer, what can be better or more refreshing than to leap into your own sparkling pool and cool off safely within easy reach of your alfresco and entertaining area? Children love pools and need to feel confident in water. Swimming is sociable, fun and healthy exercise, and in the Western Australian climate, the investment in a swimming pool makes perfect sense and invariably adds to the value of the home.

To the layman about to make a purchasing decision, a pool is perhaps just a pool and they may all appear to be a heavily advertised 'much of a muchness'. When it comes down to it, a swimming pool is a conveniently sculpted hole in the back garden filled with water, but there really is a whole world of difference between a pool of average quality which may cause problems later on, and one built to exacting standards with the future in mind.

When the Perth metropolitan dealership for Leisure Pools was established in 2005, Lee Van Bruchem's vision was to build a company that offered pools of superlative quality matched with uncompromising installation and service. Leisure Pools, a long established family company which is based in Queensland's Gold Coast, is the world's largest supplier of fibreglass swimming pools, and is represented in numerous European countries, New Zealand, across South East Asia. The company also has a major presence in the United States. Thanks to ongoing research and development, Leisure Pools have pioneered engineering and technical advances to ensure that their pools have become a benchmark for Best Practice within the industry.

Therese Van Bruchem, Lee's sister, has had an active role in the Perth metropolitan dealership of Leisure Pools from the outset, and became a co-owner in 2010. The first question then, to get us into the swim of things, was ...



WHAT IS IT THAT SETS LEISURE POOLS' PRODUCTS APART FROM THE REST?

"The first thing we need to say is that we take care, and our culture is to do everything in our power to ensure that all preparation and installation procedures are carried out correctly. It is not about how many pools we can install every week. We still have the same pressures other pool companies encounter in getting the job done in a timely way. Our main focus always is to complete each installation as precisely and as smoothly as possible with the customer's requirements and needs in mind. It starts with the sales process, involves the administration side of things right through to delivery on site, installation, commissioning and after sales service.

"Our pools are all built in Queensland to exacting standards and then shipped to us on wide low loaders as finished product. Since all the pools are manufactured in one location, the factory is able to achieve substantial economies of scale which help to offset the transportation costs. We have a very large storage yard where we take delivery of the pools and fit them out. Each is then delivered to site by our own employees.

"Leisure Pools Manufacturing is very much focused on manufacturing excellence which enables us to concentrate on achieving outstanding installation and customer service. It actually works out as a win-win for everyone, and especially for our clients as they are getting

the best of both worlds. There is no way that individual dealerships could manufacture to these standards in their own premises.

"Leisure Pools have a state-of-the-art multimillion dollar factory and they employ a full time polymer chemist whose sole responsibility is to check every single pool that is built and take care of Research and Development as well. Some of our competitors have multiple factories around the country, however, Leisure Pools prefers to transport their pools rather than suffer the trauma of managing quality control across multiple manufacturing facilities."

IN TERMS OF CONSTRUCTION AND MATERIALS USED, DOES LEISURE POOLS HAVE A TECHNICAL EDGE?

"The company's stated aim is to build the best fibreglass pools in the world – and that is backed up with lifetime structural and osmosis guarantees. The major difference is that our pools have a composite armour foundation to withstand changes in soil conditions resulting from climate change alterations, and, in addition, each of the six layers is constructed with vinyl ester – the highest grade of resin that does not allow any form of water penetration.

"Competitors' pools may have some vinyl ester in their construction, but Leisure Pools have gone several steps further by basing the whole construction of each pool on this top grade product. There is a significant cost involved, but it means that clients can be sure that their pool will never suffer from black spot or any other kind of physical degradation.

"Not only are customers getting the finest pool available, but the owners Leisure Pools know that they are not going to have any comebacks or warranty issues – ever!"



WHY DOES BLACK SPOT HAPPEN? IS IT A COMMON PROBLEM WITH OTHER POOLS?

"The general term for osmosis occurring in swimming pools is 'black spot', and it is not unusual to see hundreds of little black dots in swimming pools that have not been properly constructed. Technically, black spot happens when the molecular structure of the resin is not dense or hard enough to stop water penetration. If water does penetrate through, a reaction occurs and the end result is a blistering of the pool's surface leading to the formation of black spot. In theory, black spot can be ground out, but once the pool is patched it will never return to its original condition.

"We can give a lifetime osmosis warranty because our pools are constructed with vinyl ester which has an incredibly tight molecular structure that does not allow water to penetrate. This is the product that is also used in chemical tanks – and when you also consider the numerous layers that we use in the construction process, you can understand why the company feels comfortable about offering lifetime structural and osmosis warranties."

THE POOL INDUSTRY HAS A PATCHY REPUTATION AT TIMES. WHAT CAN GO WRONG IN THE INSTALLATION OF A SWIMMING POOL?

"There are many variables, and also many pitfalls for the unwary. In some cases, people are led to believe that they are paying a certain amount, and then all of a sudden they are charged more for a whole range of things including excavation. Supposedly 'unforeseen' issues start coming into play - for instance with the bobcat operator arriving at your door to explain that additional tipping fees are required.

"As with any building process, trust is very important and it is critical to choose a company with a track record for honesty and integrity. Ask for testimonials and ask to speak randomly to some recent customers who have had a pool installed by the company concerned.

"The other key factor is to carry out due diligence on who is actually going to install the pool, and how much interest they have in doing a first class job. You could have the best, most technologically advanced pool in the world, but if it is not installed properly then it is going to be a nightmare. Leisure pools are

built to extremely accurate tolerances, and our installations are similarly accurate ... level to within millimetres.

"In Western Australia, pool companies can employ anyone off the street to go and install a pool tomorrow, and the end result is what it is. In the Eastern States, pool installers have to be licensed builders, and I have been trained to that same exacting standard. If you want your pool absolutely level, and installed in such a way that it will never move, then you need to be dealing with a company that knows exactly what it is doing, and employs staff who have the same training and attitude to quality as the pool constructors themselves."

WHAT ARE THE STANDARD INSTALLATION ISSUES THAT YOU HAVE TO MANAGE EVERY TIME?

"We have quality management procedures to guide us since it can be quite a difficult process. You are excavating quite a large hole in someone's backyard and it can be in close proximity to structures and boundaries. Care has to be taken to make sure that you do not damage property. Placing the pool in the correct position and then getting it at the correct level is fundamental. You are setting levels on a gradient with the base of the floor, and to have that absolutely right every time requires surveying and other skills.

"People visiting a pool display centre need to understand that they are buying far more than just the pool shell; they are buying the installation at the same time. That is why we only ever use our own people because the objective is not just to finish the job as quickly as possible, the objective is to finish the job properly.

"We adopt the engineer preferred Eastern States method. It removes all the issues that people would normally have with installations in terms of paving movement and slumping of the sand behind the wall surrounding the pool. It is very common for people to have to continually re-lay their paving around the swimming pool – which simply means that the job was not done properly the first time.

"We use a concrete stabilisation process which totally removes these problems, enabling us to pave right up to the edge of the pool and be sure that the paving will be as solid and



immovable as the pool itself."

SOMETIMES SALES PEOPLE OVER-SELL PRODUCTS AND THAT CAN LEAD TO DISAPPOINTMENT AND EVEN DISPUTES. HOW DO YOU ENSURE THAT THIS DOES NOT HAPPEN WITH LEISURE POOLS?

"The sales process is a critical part of what we do because it actually sets up the whole job and ensures that expectations are met. Our sales people are very knowledgeable, and they know a great deal about what it actually takes to install a pool. They understand the process fully so they can explain that in detail to the customer.

"We invest a lot of time in the sales process and go through all the steps with our prospective customers. There are no unexpected costs or surprises and we do explain to the customer the possibility of unexpected issues arising since these have to be allowed for. For example, we were excavating a flat sandy site for a pool and discovered an old tractor under the surface! Obviously nobody could have expected that, and there was an additional charge for removing it. When things like that happen, and sewer and other diversions become necessary, people understand because we have advised them in advance that these things are possible.

"Obviously we want our salespeople to sell pools and their job is to do exactly that, but not at the cost of being misleading or leaving out important details, thereby making it seem simpler and easier than it really is. Problems can arise when someone tries to accommodate clients by changing procedures, and it just proves to us time and time again how important it is for our sales process to be followed correctly and to the letter."

WHAT HAPPENS WHEN YOU GET A SALES ENQUIRY?

“Our advertising is minimal, so the initial enquiry will often come through as a referral. After a preliminary discussion over the phone, one of our salespeople will look at the site, find out what the people are trying to achieve and then consult on what is physically possible from a positioning and construction perspective. Our prospective clients then know what is possible, what is involved from a technical point of view, and they can make decisions about landscaping and other factors.”

DO YOU WORK CLOSELY WITH LANDSCAPERS?

“We do work with a number of landscapers and designers, and sometimes it is just a matter of coming up with ideas for rocks, garden beds, water features and changing levels to create a visual effect. While we are not landscapers, we have a lot of experience and can give people ideas.

“Installing a pool is a destructive process, and that has to happen prior to beautifying the site. We make people fully aware of that. Large machines on site mean that there is a lot of sand flying around so we tell people exactly what is involved so that they are prepared for the disturbance. Craning the pool over the roof of an existing home tends to attract a lot of interest in the neighbourhood, and is a drawcard for children – so that is all part of the excitement and experience for people!”

WHAT IS THE RATIO OF YOU INSTALLING POOLS IN AN EXISTING PROPERTY AS OPPOSED TO INSTALLING A POOL IN A PROPERTY WHICH HAS JUST BEEN BUILT?

“Around 90% of our work involves existing properties, and the majority of our installations are part of an overall renovation. That is really where our demographic exists, and it means that we need to cope with all the pressures of a renovation situation where the family is already living in the home and there is a lot of disturbance. It takes excellent communications and dealing with people in an understanding way.”

HOW LONG DOES IT TAKE TO INSTALL A POOL FROM THE POINT OF DECISION TO HANDOVER?

“The approval process and getting plans through council can take many weeks, but on average,

if we are not involved in landscaping, it takes around two to four weeks from the time we get the bobcat in to handover and commissioning.”

IS IT POSSIBLE TO SEE EXISTING POOLS PRIOR TO DECIDING ON WHAT SHAPE AND SIZE MAY BE MOST SUITABLE?

“Yes, we have our existing display centre in Great Eastern Highway, Belmont, and a second centre will be available in Joondalup in early 2013. Occasionally people ask us if they can visit some of our existing customers’ pools, so we then speak with our previous customers and make sure that they are comfortable with that. We find that people are so proud of their pools they are invariably happy to help.”

SWIMMING POOLS ARE AN ASSET TO BE ENJOYED, BUT THEY CAN BE LETHAL, ESPECIALLY FOR UNSUPERVISED CHILDREN. HOW DO YOU ADDRESS SAFETY CONCERNS WITH YOUR CLIENTS?

“Pool fencing is required by law, and our salespeople are very knowledgeable and are able to explain what is required. Safety is paramount, and people must be very aware that when you have a body of water close to children, care and responsibility must be taken by adults to watch them 100% of the time.

“Temporary fencing must also be in place during the construction phase. Sometimes people want to organise it themselves, but we definitely offer that service and arrange it for them if required.

“Our pool designs also cater for safe swimming; most of the designs have a safety ledge 600mm below the surface so there are always grab holds for hands and feet. The safety ledges are not wide and do not intrude into the swimming pool at all, so people have no objection to them visually.”

WHAT CHLORINATION OPTIONS DO YOU USUALLY RECOMMEND?

“Most people opt for saltwater chlorination these days, and while our pool controllers do offer automated pH balancing, it is always wise to check the pH levels with a manual kit on a regular basis. Some salespeople may say that the pool will automatically look after itself, and you can certainly control it from inside the house with a touch screen. However, just as a motor vehicle needs human intervention and checking to ensure that it operates to specification, so your pool also

needs your personal attention from time to time, otherwise problems can occur. Water is affected by all sorts of different and dynamic factors including sunshine and rain.

“We always advise people about this, but not everyone listens. Water needs to be treated with respect, and owning a pool requires someone in the family to take responsibility for overall safety – and maintaining excellent water quality is definitely part of that.”



LEE AND THERESE'S TIPS AND ADVICE

- When choosing a pool, look at the company behind the pool first and the pool itself second
- Always ask for testimonials, and not just the ones on brochures. Ask for the names and contact details of half a dozen customers who have bought a pool from the company recently
- Read the contract carefully – and make sure that it covers everything and that the contract is fully explained to you. This way you should not be surprised with unexpected ‘extras’ such as additional excavation costs and tipping fees
- Since vinyl ester is a critical factor in preventing black spot, find out how many layers are included in the pool you are considering. One layer may not be sufficient, so always ask this question and look for pools with numerous layers
- Ask if your pool will be installed by the pool company’s own staff or by sub contractors. You need to be sure that the installation team is meticulous about accuracy and quality
- Be clear about landscaping arrangements. Either work closely with a landscaper or garden designer or ask the advice of the pool company well in advance of delivery. Large rocks and other substantial features should always be on site and in place before the pool shell arrives



- Always insist on quality pool fencing, and make sure that temporary fencing is in place while the pool is being installed which can take several weeks.
- Ask how the pool company proposes to pave up to the pool’s edge. Unless a concrete stabilisation method is adopted, your pavers may move and have to be re-laid on a regular basis. Always ask about concrete stabilisation as it ensures that your pool and pavers will not move over time.
- Ask for advice on chlorination and filtration options. Most people find that saltwater pools are more pleasant to swim in, and cartridge filters tend to operate more efficiently than sand filters (they are easy to keep clean.)
- Do not compromise on the quality of your pump. Get the best pump that you can afford and it will pay dividends in the end.
- Do not totally rely on automatic chlorination systems. Check the pool pH levels yourself on a regular basis, or take a sample of the water to your local pool supplies retailer for an opinion.
- Take pool safety seriously, and supervise children closely at all times when they are within the pool enclosure.

Balustrading & Glass Pool Fencing



BUYING THE EXPERTISE ... NOT JUST THE PRODUCT GLASS POOL FENCING WA

Nothing complements a beautifully constructed and landscaped pool area better than glass fencing – especially if it is frameless. The investment in a pool is significant, and a well designed, carefully landscaped poolside environment not only becomes the focus of your alfresco entertainment area and helps to beautify your home, but it should add greatly to its overall value and appeal.

Traditional fencing obscures the view, looks old fashioned and may make it difficult to see everything happening in the pool area. If you have gone to the time, effort and expense of building a magnificent pool, glass offers safety, style and visibility together with a sense of up market luxury.

These days, toughened glass is toughened glass, and virtually all pool glass is imported from China and manufactured under Australian Standard AS/NZS 2088 – 1996. You would therefore be tempted to think that you can buy safely on price alone since the service offered by one glass fencing company is likely to be the same as any other. However, that is not the case and there is far more to glass pool fencing than meets the eye. Interestingly, the point of difference has nothing to do with product itself. It has everything to do with the human element, and that is where Glass Fencing Warehouse in Bibra Lake has a distinct and tangible advantage.

Grahame Phillips has had well over 30 years' experience in quoting, sourcing, measuring and installing fencing of all descriptions, and since 2009, when he and Kirsten Macmillan established Glass Fencing Warehouse, he has built a company which not only specialises in glass fencing and stainless steel balustrading products, but focuses on maintaining market



leadership through the quality of installation and customer service.

Kirsten is responsible for marketing Glass Fencing Warehouse as well as public relations, and in a quiet moment in her Geelong Court premises, we thought we would start off by asking a rather tricky question:

GLASS FENCING HAS BECOME A RATHER CROWDED INDUSTRY KIRSTEN. THERE MANY NEWCOMERS OFFERING MUCH THE SAME THING. WHAT IS IT THAT SETS GLASS FENCING WAREHOUSE APART FROM THE REST? WHY SHOULD SOMEONE CHOOSE YOU RATHER THAN ONE OF YOUR COMPETITORS?

Kirsten took this one in her stride: "We have always aimed to offer products of exceptional quality at very competitive prices, and that is a model that the market appreciates and is receptive to. Whether we like it or not, consumers are generally driven by price, and rather than fighting it, we have found ways to leverage cost advantages without compromising on quality. We are a close knit family company so we have a stable, dedicated team without the hiring and firing issues which other companies may experience.

"Our overheads are extremely low, marketing is mainly based on word of mouth and referrals, so there is no need for an expensive advertising budget. We deal directly with the manufacturer and avoid costly middlemen. We take responsibility for doing virtually everything in-house ... from measuring at our



client's premises, design and manufacture of stainless steel balustrading systems to support the glass, technical drawing right through to installation and after sales service.

"I believe the reason we do so well comes down to Grahame Phillips's experience and expertise. He is not a person who has seen a niche in the market, and has only been attracted by the possibility of making lots of money and thought 'I am going to have a crack at this!' He is a committed and dedicated professional person who has been a fencing contractor for his entire working life. Grahame has been working with toughened pool glass since it came into Australia around 20 years ago.

"Our competitors will look at a job and declare that it cannot be done; Grahame will look at the same job from a different perspective and find a workable solution, and this has happened on numerous occasions. He knows his job inside out and when he consults with people, they realise that he knows exactly what he is talking about – and they feel comfortable about appointing Grahame to tackle their project."



WHY DO PEOPLE CHOOSE GLASS POOL FENCING?

"They choose glass fencing because it provides a clear vision into the backyard. You are not looking through bars, and your view is not obstructed ... it is clear.

By law you are required to have a barrier around your pool, and by choosing glass, to all intents and purposes you hardly know it is there.

Many people have very small patio areas ... perhaps only a few metres. They will invariably go for glass because they do not have the luxury of space, and they want to keep that area as open as possible. Glass opens up the block and maintains a light and airy look and feel."

HOW IMPORTANT TO THE FINISHED PRODUCT IS THE INSTALLATION?

"It is vital! Everyone basically has the same product – and what it comes down to is experience, accurate measurement in the first place and knowing how to problem solve when it comes to difficult installations. Each job must be quoted correctly, and you have to know the swimming pool laws back to front because pool fences need to pass inspection first time and achieve council approval without delay."

DO YOU JUST MARKET TO THE GENERAL PUBLIC OR THE WHOLESALE TRADE AS WELL?

"We just supply to the general public. We do not market ourselves to the trade because we would end up quoting against them and would expect to win because we pay less for the product. In addition, since we are geared to providing service, and our marketing is built on



word of mouth and existing client referrals, we want to reinforce the fact that we provide the complete solution to the end user."

YOU MENTIONED BALUSTRADES – HOW IMPORTANT IS THIS BUSINESS TO GLASS FENCING WAREHOUSE?

"It has become an increasingly important part of our work. All our jobs are custom balustrades and they are all manufactured in house. Grahame carries out all the design work, and we have a dedicated engineer who is responsible for the technical drawings as well as the fabrication of our handrails. Our primary market is complex stainless steel balustrades with glass panels for building companies, but we also do a fair amount of work in the domestic market.

"Glass balustrading is a technical job - not so much for outdoor balconies, but each of our staircases is an individual challenge. They all have to be custom designed, custom made and we do that all in house. Ultimately Grahame is in charge of the designs which he develops in conjunction with the client, based on their requirements. Regardless of the degree of difficulty, or the complexity of the task, he always finds a solution to their unique issues.

"A recent example of our work was for DLX Construction at the Audi Centre in Osborne Park involving a massive and intricate staircase with a void in between.

Balustrading is a specialised field and generally speaking, companies that now offer glass pool fencing are not really equipped for this specific type of work.



Staircase balustrading requires 'exact' measurements that are based on how many treads you have per metre and with architects changing stair specifications (and often eliminating landings) it affects the height of handrails as you progress up or down the staircase, and makes the calculations far more complex. It certainly keeps us on our toes!

"There is an interesting trend we can talk about in the domestic marketplace. As builders mark up balustrading by at least 30%, many people who are building new homes have woken up to the fact and taken the balustrade and glass pool fencing component out of the building contract – so we are dealing with the client direct. Upon handover, we provide them with a quote, do the work and they are saving a considerable amount of money.

"It is happening more often now, and it helps us stand a far better chance of winning the work!"

"Ultimately, we succeed because we have found ways of adding value, providing a better service, and solving technical challenges in house, at prices that are not only highly competitive, but profitable for us. It is a model that continues to work for us!"



KIRSTEN AND GRAHAME'S TIPS AND ADVICE

- When it comes to glass pool fencing, you are not buying the product ... you are buying the professionalism, knowledge and expertise of the technician who measures and installs the job. The product will be much the same across the board; however it is the human element that makes the difference.
- Glass pool fencing certainly costs more than metal fencing – but it performs better and looks far more attractive. As a percentage of the overall cost of a pool,
- When choosing a glass pool fencing contractor, call for three quotes – and ask about the experience of the person measuring and the person who will be installing the job. Will they be the same person? An inadequately measured, poorly installed glass pool fence will look as bad as a pool that is not level.
- If you are planning to build a home, leave balustrading off the building contract and deal directly with a competent, highly qualified installer direct. Your savings will be around 30%.

"A beautiful building, delightful space, will give you vibrancy, it will give life, and it will be an enjoyable space to be in."

Interior Design



A REFLECTION OF YOUR LIFE

4 ROOMS

Bricks, mortar, plasterboard, glass, wood, tiles and all the other building components that come together to form the shelter that a house provides do not, on their own, represent the living, breathing embodiment of family life which is the home.

A home is so much more. With subtle choices in colours, furnishings, floor coverings, window treatments, pictures, mirrors, ornaments, rugs, tables, chairs, storage cabinets and personal effects, the home becomes the comfortable reflection of its occupants. The hard edges of internal brickwork and plaster are smoothed out with warm and enduring wood, the sleek lines of whitegoods are used for colourful magnets, notes, recipes and reminders – and as the family lives in the welcoming space that the home provides from one year to the next, it becomes the haven that all can turn to at the end of a long hard day, for rest and recuperation.

This does not happen by accident. Creating the ambience of a warm, coordinated and comfortable home from the hard, cold, shiny surfaces of a newly-built property requires special skills, vision, imagination, commercial expertise and a passion for creativity. Just as an artist works on a canvas, so a skilled Interior Designer creates the effect she is looking for in her mind, before choosing the colours, textures, contrasts, complexities of shape and well chosen furnishings and fittings to build the overall impression and allow the 'picture' to be viewed and experienced as a whole.

Talented designers are conjurors of visual perceptions, and creating ambience is as natural as breathing. Based on her body of work and regular commissions from some of Perth's most notable builders and developers, one such designer is Jane Fyfe of 4 Rooms.

When we spoke to Jane, the first question that came to mind was to unravel an intriguing

mystery, and the answer was just as intriguing, as well as unexpected:

JANE, I AM INTERESTED IN THE NAME YOUR HAVE CHOSEN FOR YOUR COMPANY. WE ARE ALL AWARE THAT KITCHENS ARE USUALLY THE LIVING HEARTBEAT OF THE HOME, SO I AM JUST WONDERING ABOUT THE OTHER THREE – THE FAMILY ROOM, MASTER BEDROOM AND ENSUITE BATHROOM PERHAPS?

Suppressing a smile ... "Well you can take it that way if you like, but 4 Rooms is simply a play on words, and it all comes back to 'For Rooms' because really, that's what our work involves. Each room in a house represents a volume of space, and we work creatively with rooms, and for rooms, to convert that space into living, comfortable accommodation.

"My sister and I created 4 Rooms over eight years ago, although we have worked in the field for much longer than that. We have similar interests in art, furniture manufacturing and interior design – and we never really thought about doing anything else. It started off in a small way by designing furniture and furnishings, and then we realised that people needed help with coordinated finishes.

"This led to working on renovations and then a series of 'new builds' since many project builders a decade ago were not using interior designers as part of the overall service – it was an add on cost. Now, people are quite shocked if a building company does not provide

an interior designer. It is a complementary service that has proved to make the whole process run a lot smoother for the builder because clients need to know what tiles, taps and roof colours will be specified before signing their contracts. A talented interior designer can streamline the process and make it less stressful for all concerned.

"In building a home, all sorts of thoughts are going through clients' minds including a range of basic insecurities: 'Am I on the right track? Is the look I am choosing going to date? Will it have longevity? Are all my friends going to like it? Is it going to be practical?'

"4 Rooms was created as a service that we could offer to builders as well as their clients, and we now work with a number of quality firms who keep us very busy. We also discovered early on that clients who purchased the homes loved what we had done and wanted to talk to us about help with furnishings, rugs, side tables and everything involved in creating the overall look and feel they were looking for – and so our business has evolved from there."

WHAT IS THE DIFFERENCE BETWEEN AN INTERIOR DESIGNER AND AN INTERIOR ARCHITECT?

"An interior architect designs the physical space that I have to work with, whereas I am concerned with the effect of colours, textures, finishes, furnishings, fittings, accessories and decorative items that work together to create a well coordinated overall impression."

WHAT IS THE PROCESS FOR PEOPLE WHEN THEY ENGAGE 4 ROOMS?

"People consult us for a variety of reasons – for a general overview of what might be required to brighten up their existing home, right through to choices for a brand new home or a full scale renovation project. In many cases they want to transfer full responsibility for project management to us and this involves considerable trust as well as clear communications. However, regardless of what may be required, the process and the way we interact with clients is exactly the same.

"If people have been referred to me, I will ask them to come in for a free consultation because the most important thing is that we should form an understanding and get



on well together. We then present some of our past projects, to enable them to see the scope and quality of our work, and we also recommend that they visit some of my display homes. Clients, who are probably making the largest investment in their life, need to feel comfortable because we will be working together for weeks, and sometimes months. It is critical to establish trust so that they have faith in my judgement.

"If someone asks me, 'Will this look great on the bathroom wall?' or 'Do you think this colour scheme will work?' they get my honest opinion and I portray my confidence in the look to the client. I will always tell people exactly what I think, whether it is what they want to hear or not. That is an important element in building the relationship."

WHY SHOULD SOMEONE ENGAGE A PROFESSIONAL INTERIOR DESIGNER AND NOT ATTEMPT IT ON THEIR OWN?

"I see each project through professional eyes and while I am engaged in the process, I am not emotionally involved in it. Couples, on the other hand, are emotionally involved in a massive investment, and are flooded with a vast array of choices that are confusing in their own right. Whether you are pounding the pavement looking at tile shops, laminates, paint selections, different kinds of floor coverings – or if you are visiting the whole world of options available on the Internet, there are just too many choices. People often try to squeeze every single magnificent idea into one property, which just does not work ... and then there are budgets to consider.

"Part of my role is to facilitate the making of well considered decisions and to remove emotions and arguments from the equation. It is often best to bring it back to the basics



and remember what the house is actually for. How does the couple like to live, and do they entertain a lot? Are there children? And if so, how many and what ages are they? How are they going to use the space provided by the house? Is their lifestyle active or sedentary? The practical side needs to come in ... not just the 'Oh wow! That is fantastic, that is glamorous, everyone's going to love it scenario!'

"More often than not each initial conversation covers familiar ground ... we establish rapport, discuss the options, narrow them down to manageable proportions, and remove the emotion from the situation. During that first hour I assess the people, whether I can read them, and whether they are comfortable with me. Then we normally discuss the scope of the work, timelines, budget constraints and then I always get everything in writing so that the boundaries are established."

BASED ON WHAT YOU ARE SAYING, ACTIVE LISTENING, COUNSELLING AND SKILLED COMMUNICATIONS PLAY A VITAL ROLE IN YOUR JOB!

"Definitely! When I was younger I was less certain about how to manage the 'people' aspect of the business, but over the years it has become the part of the job I actually enjoy most. I love to see people when they first come in; they bring their house plans and they are excited yet, a little nervous about their new home, and they know it is going to take a while to build. We resolve issues, and it quickly becomes apparent which partner is leading the project. In the case of a couple, it is vital that both people feel acknowledged and important and while this is not the artistic part of my role, it is certainly one that I actually enjoy – and it is part of the 'game.'"



DO PEOPLE GENERALLY EXPECT YOU TO CREATE A UNIQUE LOOK AND FEEL FOR THEIR SPECIFIC PROPERTY?

"I encourage everyone to visit my current show homes, and I illustrate ideas by referring to past work on the computer, but I always aim to make each project different."

My clients are quite protective about their look, and they do not want to hear that my next client is going to have their house presented in exactly the same way. I like to maintain individuality by working with different elements in each home, and I want to ensure that each client feels special ... and that they have something exclusive that no one else has.

"For example, no woman ever wants to be dressed in the same way as the next woman. Twenty of us in Perth might have purchased the same top, but the individuality comes from wearing different pants, a unique belt and having different earrings and other accessories. It is no different to dressing a home – the skill is in introducing a unique effect each time."

"We are conscious that we are in the business of selling dreams – especially in a display home. While I have not been specifically trained in visual marketing it is actually an easy flow on from what we do."

ARE RENOVATIONS MORE TIME CONSUMING FOR YOU THAN NEW BUILDS?

"There is certainly more involved with a renovation and they require more site visits – especially if there are structural issues with walls being taken down and white ant or water damage issues to deal with when floorings are taken up from time to time. With renovations, I see people a lot more in their home and it invariably leads to a friendship since they are letting me into their space."

"Sometimes we are asked to project manage a whole renovation and we can do as little or as much as the client wants."

IS IT POSSIBLE TO 'FUTURE PROOF' THE LOOK AND FEEL OF A HOME?

"This question often arises when people want to make sure that they are going to get their



major investment back. From my perspective, the way to future proof is to use textures, neutral shades, a mixture of clean whites, warm whites, soft lattes, subtle greys, adopt textural tones and good quality fittings and

fixtures and then you can add all your own vibrant colours into that neutral palette. You can still achieve a knockout look by means of furnishings, and not just by textures. Longevity is always about simplicity; less is more in addition to textural and tonal differences."

"The main message is that simplicity is always best. Keep it simple. Don't complicate it."

ARE SOME STYLES MORE POPULAR THAN OTHERS THESE DAYS?

"Specific styles tend to date. For example, Tuscan was popular at one time, but I have not designed with anything even remotely Tuscan for ten years. The only real major trend I can point to now is French Provincial with white washed floors, white washed cabinetry in the kitchen with a touch of antique."

"A far greater influence at the present time is coming through from our Asian neighbours. We are seeing a big effect on our outdoor living, alfresco, garden areas, and we have picked up a lot of beautiful styles."

We are also becoming more sophisticated with our wine bars and our cafe strip culture has improved thanks to European influence. This is leading to a greater level of sophistication, which is also reflected at home where styles are becoming more eclectic."

"At one time, if someone was styling a modern house, it would be white, minimal, splash of red, splash of black, no character, no soul. Whereas now, with that warm European influence, we are mixing antique furniture with modern low-lying furniture, flat roofs with

archways, and houses have more individuality. In general, people are feeling more comfortable about taking chances and choosing something that displays more sophistication."

WHEN BUDGET IS A CONSIDERATION WHERE SHOULD MONEY BE SPENT TO GAIN THE MAXIMUM EFFECT?

"With modern open plan living, the kitchen becomes part of the living/dining/family area where everyone gathers, so that is where your centre starts. If I am working with white and soft green in the kitchen, those colour schemes in varying textures and tones will flow through to the rest of the house and from there it flows out to the outdoor alfresco area which, thanks to our climate, is the other area where you should invest most of your budget. Then the next room is the ensuite because parents need a retreat away from the children in a place that is glamorous, spacious and luxurious!"

IS IT POSSIBLE TO CHANGE THE LOOK OF A ROOM TO MOVE SEAMLESSLY FROM WINTER TO SUMMER AND VICE VERSA?

"Yes, it is very easy. I remember doing a quick little film shoot for *The West Australian*, where we had one room and then we had ten minutes to change it. The initial scheme was light grey, silver and white with a dark grey sofa and within a few minutes we had removed the silver and white accessories, replaced them with red cushions and a red throw rug, changed the books, introduced some candles and different photo frames ... and voila! A summer scheme is instantly changed to a warm winter look."

"WHAT CONSIDERATION SHOULD BE GIVEN TO THE HOME'S EXTERIOR SO THAT THE OVERALL DESIGN WORKS?"

"Once we have agreed the interior look, the outside becomes simpler. We normally carry through the flow of colour, and if we have greys and whites in the kitchen, I would bring similar colours to the exterior and we quite often have a common feature. For example, if we have lovely stacked stone or marble tiles on a tall portico wall I might introduce the same effect on an internal fireplace, using the same stone. I like to marry things without over coordinating so that the overall effect is natural and as if it is supposed to be there."

WHAT PART DO YOU PLAY IN SUGGESTING FURNISHINGS, EVERYTHING FROM TABLES, LAMPS, RUGS AND SO ON?

"I can source everything, right down to towels ... and I do have people phoning me for items such as towels, because they have come to trust my taste and do not want to disturb the look and feel I have established for them in the home."

WHEN USING COLOUR IS IT BETTER TO BE MINIMALIST AND ONLY WORK WITH THREE OR FOUR?

"Yes, definitely. I tend to use two or three and might occasionally introduce a fourth. Even if we are only using one colour, we can suggest 20 different textures. If we are working with white, we may have a white carpet, which is a woolly warm texture, smooth gloss doors, matt walls, and present some artwork that's basically white, but with perforated cut outs on the wall. Less is more ... that is how I operate."

"I also like to be practical. When people are spending \$120 a square metre on a tile then the last thing we should do is put an ugly power point on the tile."

I will place power points inside cupboards, and have floating cupboards that are easy to clean underneath. Cleaning is something that all my clients mention; they want large tiles, less grout, no shower screens, and everything floating so they can just mop ... so that it is seamless and simplistic."

WHAT TECHNIQUES CAN YOU USE TO OPEN HOMES UP AND CREATE A FEELING OF LIGHT AND SPACE?

"The way we live now, most homes are open plan with masses of light coming into our main



living area. I like to concentrate on feature lighting to create mood, and then also practical lighting to do your makeup, to chop vegetables in the kitchen and illuminate work areas. Light walls, glossy surfaces, reflective finishes, mirror kickboards in kitchens that reflect and catch light, make the kitchen look as though it is floating.

"In summary, I like to see light colours, open areas, lots of windows and key lighting to create ambience and mood."

WHAT IS IT THAT SEPARATES JANE FYFE AND 4 ROOMS FROM OTHER INTERIOR DESIGN PROVIDERS?

"To some extent, the answer to that is that I am 'profit resistant'. I will go beyond what is normally expected to ensure that every client of mine is delighted, that the design work is unique and has that the ability to amaze and astound people each and every time. I am not driven by financial outcomes. This very healthy for me as a person – and it is where I find my wealth!

"Quite often friends will ask me why I am still working away late in the evening, and it is because I really do care. People say that you should work on the business, and not in the business but nobody wants to have their new project entrusted to the new assistant who has only worked on three homes."

"I spend so much time working in the business that I think that this is really is what separates me from other interior designers. I am the business! When you engage 4 Rooms, you receive my personal, undivided attention!"

That is why, when you use the services of 4 Rooms, you can be sure that the result will well and truly be a reflection of your life!



JANES TOP TIPS FOR INTERIOR DESIGN:

- Using an interior designer brings a professional eye to your home interior design. Couples can be emotionally driven, often in different directions. An interior designer can make an independent assessment and eliminate the confusing array of choices from the equation
- Before deciding on the services of an interior designer, ask to see their most recent work and also visit their work at current display homes
- If you want to future-proof the look and feel of your home use textures, neutral shades, a mix of subtle colours and high quality fixtures and fittings – keep it simple
- To gain maximum effect for your budget start with an open plan kitchen/living/dining area – the heart of the home and let elements from that design flow subtly throughout the house
- When using colour, it is better to adopt a minimalist approach, a maximum of two to three colours (and possibly a fourth as a highlight). You can even achieve the right effect with one colour by using different textures and shades of that colour
- To better create a feeling of light and space on a budget, use feature lighting to create a mood or feel, and bounce light off reflective surfaces in high use areas such as kitchens and bathrooms

"The main message is that simplicity is always best. Keep it simple. Don't complicate it."

Blinds & Curtains



BRINGING WINDOW TREATMENTS TO THE FORE DECOR BLINDS & CURTAINS

When Justin Griffiths says that blinds and curtains are in the family blood, he means it ... literally! Originally beginning in 1972 as Hill's Curtain Service, Decor Blinds and Curtains* is now one of Perth's most recognised, respected and awarded ** brands which has earned a well-deserved reputation for quality, service, innovation and

maintaining manufacturing facilities in the heart of Western Australia.

Despite the influx of cheap imported products, local suppliers discounting to the point of lunacy, and a price-driven economy, Decor Blinds & Curtains has continued to thrive, grow and build increasing market share that is premised on consistent reputation and word of mouth/referral based marketing. When conventional advertising is limited to occasional awareness PR, it becomes clear that the business in question is built on solid foundations and values – and is not only doing something different, but doing it consistently well.

Family values are what define the Decor brand. Justin, his wife Kristy and brother Joshua are second generation Griffiths who have been involved in taking Decor to a new dimension since 2002, and parents Elizabeth and Rodney continue to participate actively in company operations. "We have always had a family focus and as the business was built from scratch, initially from home, Joshua and I quite often slept under the cutting room table as children, so making curtains has always part of our reality and life. My parents always said that they would never put up in someone else's home what they would not have in their own, so it was always about quality, understanding customers' needs and educating them about the positives and the negatives of products."

IT SEEMS THAT THIS IS A VERY HANDS-ON COMPANY, WITH THE OWNERS INVOLVED ON THE WORKSHOP FLOOR, AS WELL AS IN THE BOARDROOM?



"We have all had a rite of passage, and each one of us has worked on manufacturing our products. In this industry, no one shows you how to make curtains and blinds, you have got to work it out for yourself, which is a great way to build product because you don't have any pre conceptions or built-in bad habits. For example, we were never taught how to make timber blinds. We bought some wood and supporting 'ladder' and then we worked out how to put it together. That is why we prefer to take a staff member who has never worked in our industry and train them our way. That means they look at everything with a fresh set of eyes and they take ownership of the product and have pride in quality workmanship. It also pays off in exceptionally low staff turnover which is probably the lowest in the industry.

"You might ask 'What does this mean for our clients?' The answer is that everyone shares the same values and dedication to quality. We are all totally committed to building and installing the best possible products for our clients, and when everyone in the company has that attitude, it is communicated to the marketplace."

IS IT ALWAYS A BATTLE ABOUT COST VERSUS QUALITY?

"Often it is! Have you ever noticed vertical blinds sitting at different angles and not closing properly? Ours actually realign themselves – and it costs about one cent per component to achieve that. That is where our focus has

always been - to put that small but critical investment back into the product so that it serves our clients better over the longer term. As John Ruskin so aptly remarked in the 1870s, 'The bitterness of poor quality is remembered long after the sweetness of low price is forgotten', and nothing has changed since!"

ARE YOU BASICALLY A BROAD BASED WINDOW TREATMENT COMPANY?

"Yes, but our focus is purely internal window treatments with the aim of being the best in the market. To achieve this we innovate product development ourselves, have specialist manufacturing staff in house to control product quality, our sales people are not on commission so they are remunerated to give the best possible advice and we employ our own specialist installers.

"More often than not we are at the end of the building process, and by that time people have had enough of trades and contractors who really could not care less between one project and the next. Therefore we want to make the process as clean and as simple as possible. Our people arrive in up-to-date vehicles, with uniforms and they are respectful of our customers' homes. We train our installers exhaustively and we do not put pressure on them to put up dozens of blinds in a day. They are encouraged to take as much time as they need to make sure that each job is completed properly.

"Quality and control is essential. In general, because 'WA' stands for Wait Awhile, we do not sell it unless we can repair, replace, alter or adjust it – otherwise it can become a long drawn out process for the customer to wait for another manufacturer's parts. Our motto is 'fix it fast' – people do not mind if things go wrong providing the solution is right around the corner. It is all about how you respond."

AS A WEST AUSTRALIAN COMPANY, AND TAKING INTO ACCOUNT LABOUR COSTS WHICH ARE GENERALLY THE GREATEST COMPONENT OF ANY PRODUCT, HOW DO YOU COMPETE SO EFFECTIVELY AGAINST CHEAPER IMPORTED PRODUCTS?

"Firstly by reducing wastage. Some competitors are working with 40% error rates whereas ours are less than 4%. We aim to measure once, manufacture once and install once – by doing it properly the first time, the

customer can see the value in the product, and word spreads.

"Secondly, we use technology to leverage efficiencies wherever possible. For example, we have a computerised table that is accurate to within half a millimetre. Once the data is inputted, it grabs the fabric, pulls it up the table, sucks it down so it is stable and then goes through the cut procedure. When we commissioned the machine we realised that our offcuts or bin wastage decreased by nearly 20%.

"We operate to 'just in time' principles by keeping stock on hand to a minimum and manufacturing products close to when they are required. The other benefit is that we avoid products getting damaged by being rolled up on the shelf too long. Also, thanks to a large and loyal customer base, we have a tiny advertising budget because it's simply not required. This actually saves us thousands of dollars each month."

WHY SHOULD PEOPLE PAY MORE FOR A HIGHER QUALITY PRODUCT WITH STRINGENT MANUFACTURING STANDARDS?

"It is always wise to consider the useful life of a product, and factor in ROI (return on investment). Some of our competitors talk about venetian blinds as a three or four year product. Ours are designed for double that period of time, and the additional cost is only 10%. Therefore our ROI advantage is considerably greater.

"We ensure that our products are treated with high grade UV stabiliser which protects them against the highest level of UV degradation anywhere in the world. The cost to us is insignificant, but the benefit to the client is massive. Similarly, we use thicker strings in



our blinds - they're 2.2 millimetres compared to 2 millimetres, which adds greatly to long term reliable operation."

YOU HAVE A NUMBER OF SHOWROOMS, INCLUDING ONE AT HOMEBASE IN SUBIACO. HOW IMPORTANT ARE THESE SHOWROOMS IN YOUR OVERALL MARKETING APPROACH?

"By visiting one of our showrooms people get a good all round perspective and understanding of what suits their lifestyle, their home, their needs and their individuality really, so we encourage this as the first step in the process. They can see up to 50,000 colour choices and a vast range of styles, textures and options. It makes all the difference to see how products actually operate and how different types of blinds perform in a real situation."

AT WHAT POINT IN THE BUILDING PROCESS SHOULD POTENTIAL CUSTOMERS COME AND TALK TO YOU ABOUT CURTAINS AND BLINDS?

"Right at the beginning! Some companies say 'Do not come in unless you are one or two weeks away from completion!' However, we would like to talk to you as soon as you are planning to build, or as soon as you are at pre start. The earlier you can start thinking about window treatments the better. At pre start you have picked your tiles, your paint, your carpet and everything else, so why not pick your blinds?"

"People do need accurate budget figures to work with. People who are conscious of having a budget will invest their time early in the process. Seeing the product in a showroom is invaluable. You can meet the people behind the business, and they can talk you through the products. Then, once you are comfortable and you have an understanding of what you are looking for, the next step is to

request a visit from one of our people - if you have an existing home. They will understand how to apply the ideal product to your window. Their role is to advise on the best possible solution, and outline all the options."

WHAT HAPPENS IF SOMETHING THAT HAS BEEN INSTALLED DOES NOT SEEM TO BE WORKING CORRECTLY?

"The person who installed the product will be the person who organises a resolution to the problem. He will take ownership, write the report, submit the paperwork and get the problem fixed. It will not be a question of 'The company will be in contact with you when they fix it.' We do care and our focus has always been on a quick, equitable resolution for everyone, if there ever is a problem."

"The other comfort for our clients is our standard five year warranty (one year on site, four years based on return to factory) as opposed to the more usual one to three years."

ARE YOUR BLINDS DESIGNED TO COPE WITH INTENSE SUNLIGHT - ESPECIALLY WHEN WINDOWS FACE WEST?

"Yes, but there is a trade off. If you have a great view but have to cope with the setting sun you need a sunscreen blind. Black will allow you to see out better because it absorbs the light but it will only provide 3% insulation. In contrast, white will reflect light back into the room but offer you an insulation factor of around 63%. It is exactly the same material, made from exactly the same product but performance is based purely on colour."

"And what happens at night? It is exactly the reverse to the daytime. You will have privacy during the day and no privacy at night. These are the things that showrooms give you an opportunity to work through, understand and discuss."

WHAT OTHER INDUSTRY PROFESSIONALS DO YOU COOPERATE WITH TO CREATE INNOVATIVE SOLUTIONS FOR YOUR CLIENTS?

"In addition to interior designers, it is helpful for us to work closely with architects. Unfortunately we are seen as an end supplier when we really need to be engaged in the beginning - and then be the supplier at the end. People often want a minimalist and streamlined

effect using bulkheads with blinds disappearing into the roof and curtains stacking back into recesses. If these effects are designed in the start of the building design process, we can create very neat and effective solutions."

"In the case of existing homes, the options are reduced to some extent ... but we can still make motorised curtains work using home automation controls. We always try to be solution providers, but we do not promise something just to get a signature and then find out halfway through the process that it is not going to work. The main success of our business is knowing what we do not know!"

IN THIS AGE OF HARD SHINY SURFACES AND ADAPTABLE BLINDS, ARE CURTAINS STILL POPULAR AS PART OF AN INTERIOR DESIGN MIX?

"They most certainly are, and they are actually coming back in popularity. Trends are changing and there are a number of reasons for that. People do get tired of the hardness of blinds and they want something that is soft and warm, and a new fabric gives you that feel instantly. The other consideration is that people are becoming a lot more aware of insulation and a curtain teamed with a pelmet is the best combination of product you can have on your window to provide insulation."

IN MOST HOMES, A STAGGERING 87% OF HEAT LOSS IS NOT THROUGH THE ROOF AND WALLS BUT THROUGH GLASS WINDOWS.

"Curtains not only protect against heat gain affecting the home in the height of summer, they will also stop heating losses in winter. Lined curtains perform significantly better than unlined curtains because they generally have reflective qualities. Added to this, the air trapped in between the curtain and the lining acts as a further form of insulation. If you add a pelmet, the trapped air will actually circulate from the floor to the pelmet and back - creating a kind of internal climate control!"

"There is nothing new in the principles that curtains and pelmets employ, although technology has caught up with motorisation, UV protection and enhanced fabrics. They soften a room, deaden noise and add the vibrancy of colour and design. When it comes to theatre rooms, curtains all the way around is the best possible solution to sound



management in many instances. They break the soundwave from bouncing back and help to dampen noise incredibly. The message is 'Spend less on the speakers and more on the curtains!' You can have the best speakers in the world and if that sound is bouncing off every flat surface in your room you are wasting your time as well as money."

WHAT ABOUT SHEER CURTAINS?

"Sheers are the modern answer to old style lace curtains which used to be in vogue. They are a see through functional style of light curtain which is often coupled with a blind to soften a room and provide daytime privacy. When I joined Curtain Decor ten years ago, you put a blackout curtain at the front, and a sheer behind. Now, you put the decorative sheer at the front, and the functional blackout behind."

"Naturally, sheers are not designed to provide privacy at night, so they are generally teamed with a complementary solution if that is required."

WHAT SEPARATES YOUR CURTAINS FROM THE REST?

"We can point to a number of things. Rather than flat stitching (which punches a hole right through the fabric and allows light through) we use a neat blind hemming technique where the fabric is not penetrated all the way through and weakened. We will make our curtain, lay it up, and then head it up. Curtains naturally relax or tighten when they are stitched, so we will make the bottoms, make the sides, join the fabrics, lay them on a table, lay them flat and cut them off square. A lot of manufacturers will actually try to do it all in one step. They will cut the fabric to size to start with and then join three or four drops, and if they are tight here or loose there, and a little bit uneven on the bottom and then they put the heading up which



is what everything hangs from - and you see the line of the curtain go up and down across the floor and let light in. We do not have that problem with the way we make our products.

"Curtains are reasonably flexible for out of square flooring. If the floor bows in the middle the curtain will follow the floor, because we can install the curtain off the floor. Blinds come down square and they can make any out of square surface look very out of square. Curtains are a very forgiving product, so if your floor bows, your curtain follows it, and then we install the pelmet off the ceiling. So anything out of square or a wrong shape is hidden underneath the pelmet.

"Our curtains are treated with UV protection which is designed not to give off harmful gasses when they heat up and cool down.

Cheap imported protects are all too often treated with unstabilised UV protection which gives off formaldehyde which is the last thing you want near your family.

"The other very important factor with the curtains is the fullness ... the amount of fabric used to manufacture the curtain. If there is not enough fullness, then the curtain just does not look luxurious. We always manufacture to, or above, industry standards when it comes to fullness. Many of our competitors actually manufacture below industry standards, and that is how they can further slash manufacturing costs.

"For example, with a one metre wide window, we will use up to 2.5 metres worth of fabric to construct the pleated up curtain. With a sheer, we will work with up to three times fullness,



which means that we use three times the width of the window. That is how you achieve a luxurious, generous effect."

BLINDS ARE ALSO VERY POPULAR. WHAT CHOICES ARE AVAILABLE FOR CUSTOMERS THESE DAYS?

"In addition to benefitting from a series of high-tech enhancements to improve performance, blinds are becoming more conscious of window sizes, with some fabrics being three metres wide which is great for a very big window when you go the full height. At this point, the quality of mechanism is critical and you need reinforced tubes.

"Motorisation means that you can create a totally child safe solution as manual chains are eliminated. Since motors can raise what humans cannot, we can lift multiple blinds and bring them all down automatically at once stop point, rather than walking around and opening each one up. Fabrics can start from very basic through to individually decorated materials which take advantage of the latest designer collections.

"You have the opportunity to pick blackout, translucent or sunscreens – and this is where our showrooms and trained sales staff come into their own. It is all about listening, understanding each client's specific requirements and building an overall solution that matches those requirements precisely.

"Timber venetians were the most popular product a few years ago. They look great, but, as in the case of all horizontal blinds, attract dust and are hard to keep clean. This probably accounts for the increasing popularity of roller blinds which perform well, are unobtrusive and easy to clean."

WHEN WOULD YOU CHOSE SHUTTERS RATHER THAN BLINDS?

"Shutters are becoming more popular and flexible options are available including the hinge-in variety, bi-fold and concertina. We steer clear of the sliding type where the shutters pass each other because of the potential for clashing. Unlike blinds, shutters can reach right to the edge of the window to exclude light and improve privacy.

"They are an expensive product though, and ours are manufactured overseas under strict and demanding quality conditions. We

encourage customers to use Western Red Cedar whenever possible. It is a beautiful wood, has a long, generous grain and the finish is just exquisite. Just be aware that the lead time for ordering shutters is around three months."

THIS IS A DYNAMIC INDUSTRY. HOW DO YOU ENSURE YOU WILL ALWAYS BE AHEAD OF THE PACK?

"We leverage a commercial advantage through innovation, by keeping in touch with technical developments overseas and benchmarking Best Practice in blind manufacturing especially. We are participating in a University research study which examines the performance of blinds, curtains and other window treatments under controlled conditions and once those results are known, we will innovate accordingly.



JUSTIN AND KRISTY'S TIPS AND ADVICE

- When it comes to choosing blinds and curtains, choose the company first and the products second
- If a salesman visits your home, hands you a swatch of fabrics and colours and says 'make a selection while I measure up' be aware that all they are interested in is the sale. Choose a company that is genuinely interested in finding out exactly what your requirements and wishes are first.
- A quality product may cost a little more, but the return on investment will be significantly better
- Before making a choice on curtains, blinds and shutters, always ask to look at the various products in a showroom first
- If you are building a new home, consider blinds and curtains right at the beginning – along with other pre-start decisions
- If an architect is designing a home for you, make sure that bulkheads

"We choose to build our products to a quality, not to a price – although we are conscious that price is part of an overall consideration of value. Above all, we have a stable, loyal, skilled and dedicated team. Technology provides us with a competitive edge, but it is our people who provide the solid foundation which we and our clients, have come to rely on."

*From 1974, Decor traded under Decor Curtains, but in 2009 the brand evolved into Decor Blinds and Curtains to reflect significant additions to the product range

** Awarded 'Best Decorating Store in WA' - Australian Home Beautiful 2004, and Awarded 'Best Retailer 2011' - Window Coverings Association of Western Australia (WCAA)

and recesses for blinds and curtains become part of the design process – and think about home automation requirements at this stage too

- By avoiding chains, motorised blinds and curtains are safer if there are young children in the home
- Since up to 87% of heat loss in a home is through glass windows, ask the consultant about ways in which window treatments can improve insulation
- Team curtains with a pelmet to dramatically reduce heat loss in winter
- If you have windows facing the setting sun, research different blind options to reflect light away from the room, reduce heat gain and improve insulation
- When choosing blinds, ensure that the UV protection is stabilised
- If shutters are part of your plan, be aware that the lead time from order to delivery is around three months

Kitchens



FEEDING THE COOKING SPIRIT KITCHEN HEAD QUARTERS - KHQ

As each year blends seamlessly into the next, at a pace that most do not even have time to consider, the modern family is at risk of being lost in the flurry of activity. Perhaps this is one of the reasons why we take so much pride in making our homes a place to relax, a place to connect with other family members, a place where

everyone wants to be, in the time they have.

The one room that holds greater attraction than all others is and always has been the Heart of the Home, The Kitchen. Yes there are other great rooms both indoors and out where the family can relax to watch TV on huge screens, play games on the computer or sit by the pool in a sensational alfresco room. But there is something very special about coming together to prepare and share a meal, where the only distractions are the stories being told or the delicious aroma of food being prepared for your family and friends.

Eating has always been a social occasion but now, so too has the preparation of great food become a ritual in many families, where both the children, not just the adults share in the cooking experience.

Just as JK Rowling has done wonders for literacy by encouraging children to read, television programmes such as *My Kitchen Rules* have been instrumental in fostering interest, across all age groups, in preparing and cooking great food. So it was no surprise when *My Kitchen Rules* first launched in Perth at a highly publicised event, it was at a venue synonymous with food and the kitchen - the unsurpassed showroom of Kitchen Headquarters.

Kitchen Headquarters (or KHQ) is the brainchild of a Western Australian household name, Rick Hart. KHQ benchmarks excellence, not only in the quality and range of kitchen appliances on

show, but also in its hand picked, highly trained and professional staff - a vital element of a successful business.

The showroom was designed to be an experience in itself. Just as *My Kitchen Rules* stirred the pot of culinary interest, KHQ has whet the appetite for a sensational kitchen. General Manager, Spiro Scafidas is very proud of what they have created in King Edward Road, Osborne Park, so there was no better place to talk to Spiro than in his open door office at KHQ, with some of the world's finest kitchen appliances as a backdrop. The first question went right to the heart of the matter:

"WHAT WAS THE ORIGINAL CONCEPT BEHIND THE CREATION OF THE BUSINESS?"

"Our vision was to create a retail showroom that is not only beautiful to be in, but is an absolute adventure, in viewing the very best the world has to offer in kitchen appliances. We also wanted to have some brands that you could not purchase anywhere else in the State and we have achieved this and more. There is no doubt it is ahead of its time and there is nothing else comparable in the State."

WHAT WAS THE MOTIVE BEHIND THE CONCEPT ... WAS IT LACK OF QUALITY AND CHOICE?

"Lack of choice, lack of quality was a very real issue in the kitchen appliance sector in

Western Australia. However, we also identified a real need for improved customer service in the industry.

"Many retailers were relying on young people, barely out of school, with very little experience, to advise clients on significant kitchen appliance purchases worth many thousands of dollars. To make such decisions you need the right advice, in an environment that is comfortable and relaxed, not just a cash and carry scenario.

"People can sit down here at KHQ with a freshly brewed cup of coffee, receive first class advice and by doing so make well informed decisions. Clients are offered a professional consultation, where we examine their building plans and work with their designers as required. It is a very comfortable environment, and there is no doubt about what it is that we sell. We do offer washing machines and a full range of top quality white goods, but our primary focus is cooking.

"Most of our customers are not just replacing a single product; they are replacing a whole kitchen. At least 80% are either renovating or building; it is so much easier to be able to see all of the best brands available in the world, in one location and presented as they would be in their own kitchen. KHQ is the only showroom in the State that offers this."

ON AVERAGE, WHEN IT COMES TO RENOVATING A KITCHEN WHAT SHOULD PEOPLE BUDGET TO INVEST?

"That is a very difficult question to answer because it depends if top end appliances like Miele are specified. Your budget may be in the low thousands, however there are those who spend significantly more. It really depends on the brands our clients select, or if it is for their own home or an investment property. Of course if a Sub Zero fridge or a Wolfe cooktop is on the list, it will certainly be in the higher range and will show in the quote."

THERE IS IMMENSE CHOICE AT KHQ. WHAT PROCESS DO YOU FOLLOW IN ESTABLISHING WHAT CLIENTS REALLY WANT?

"We have quite a structured process, but firstly though, and above all else, our staff are trained to find out exactly what our clients want from their kitchen. Our staff need to know about



the size of their families, about their style of cooking, how often they cook, and what types of food they like to prepare. This will help us guide them towards which products best suit their needs.

"For example, our Asian clients may require a cooktop with a very high megajoule rating because they do a lot of wok cooking, or perhaps a mother with a big family wants to multi task - so instead of buying a large 900kw oven, she might buy two 600kw ovens so that she can bake whilst she's cooking a roast - that is flexibility."

We try to build a picture, an understanding, of what will make the greatest impact on our client's daily life by helping them choose appliances that will lessen the challenges of time spent 'slaving over a hot stove' - rather than trying to simply suggest whatever appliance fits their budget. Our business is about gaining long-term credibility and customers for life, satisfied customers who, when they leave our store tell others about that positive experience."

DO YOUR CONSULTANTS PLACE GREAT IMPORTANCE ON CUSTOMER RELATIONS IN ORDER TO ESTABLISH THOSE NEEDS?

"Our consultants are trained to not only establish a rapport with our clients but also give that essential follow up service, such as a phone call once the purchase has been delivered and installed. By doing this we know our customers are happy and if they are not, we can do something about it. They will also ask if our clients have any further questions,



and if they are comfortable in being able to use the product. If there is any uncertainty, we will invite them back for a free post purchase demonstration in our working kitchen. Our staff will train them on the product they have just purchased, so that they can maximise the benefit of what can be a technological masterpiece. That is just part of the free service we provide so that people can feel very comfortable with the appliances they choose."

SOPHISTICATED EQUIPMENT DEMANDS EXCELLENT PRODUCT KNOWLEDGE. DO YOU RUN REGULAR TRAINING SESSIONS FOR YOUR CONSULTANTS?

"Advanced training underpins our whole approach to providing excellence in customer service. Not only do our suppliers run regular product training sessions at KHQ, but if we feel our staff would benefit from further training we send them directly to our suppliers' premises. Recently we were at Bosch for a training session that was carried out in the format of a 'MasterChef' competition. Everyone was involved in cooking entrées, main courses and desserts. It was a hugely successful session because once you have tested an appliance by using it under pressure, it becomes second nature – and that confidence communicates itself when you are talking to customers."

IS PRICE A BIG CONSIDERATION FOR PEOPLE?

"For most, price is always a consideration. However, we say to our clients 'Just for a moment take price out of the equation because we guarantee that if you see the item advertised anywhere else at a cheaper price, we will pay you the difference. We also guarantee that if you come here with a quote from anywhere else, we will beat that quote.'



"Once price is removed from the discussion, we can focus on the real issues; what works best for the customer, and what is the best product choice for their family. Once they are happy that they are making the right choice for the right reasons, we guarantee they will be paying the best price."

"Some may believe that because our high end showroom looks so amazing that it will reflect in the price and they will have to pay more - this is definitely not the case at KHQ!"

WHY WOULD CUSTOMERS CHOOSE TO COME TO KHQ IN PREFERENCE TO OTHER RETAIL STORES?

"On top of everything else we offer 'no charge' for warehousing to our clients, which means if they are building or renovating we will store their purchased appliances indefinitely and at no cost. No one else does that. Clients simply pay a deposit, agree to pay the balance in a specified time and that arrangement locks in the price regardless of how long the building or renovation process takes."

"Apart from price competitiveness, we offer a range of 'high end' brands that are exclusive to KHQ. These are must view brands such as Subzero, Wolf cooktops, V-Zug (the number one brand in Switzerland) and Scholtes from France. Additionally, we have a selection of 'medium range' brands that are also exclusive to KHQ."

KHQ is a showcase of the latest technology and design of international and of course local brands. It is an opportunity to get up close and personal with the different product ranges, see the trends and functionalities that are leading the world in innovative kitchen spaces."

IF SOMETHING DOES GO WRONG WITH A PRODUCT AND THE WARRANTY IS ACTIVATED, DO YOU ASSIST BY BEING THE CLIENT'S ADVOCATE WITH SUPPLIERS?

"We have a high level of commitment to customer service and this includes after sales service. Keeping in mind that we only sell high quality appliances that have gone through rigorous testing processes, in the unlikely event that something might go wrong, we will assist our clients through the warranty process and ensure their needs are met."

"We have a great relationship with suppliers, and part of our brand selection process is

based around the type and quality of service and warranty that comes with a particular brand. We only carry brands that have an excellent local technical support as we need to know that if something does go wrong, our customers will be properly looked after."

WHEN PEOPLE COME IN FOR A QUOTE DOES THAT GENERALLY RESULT IN AN IMMEDIATE SALE OR AT A LATER STAGE?

"Our focus is on building long term relationships. When people come in for a quote they are generally not looking to purchase on that day; it could be 18 months before they are ready to purchase. Many clients start looking at kitchen appliances in the very early stages of their build process. We stay in contact with them, assist them where we can - but months might pass before we see them again, quite often with the same quote in their hands. At that time we will revisit the quotation."

RENOVATIONS CAN BE VERY STRESSFUL. IN WHAT WAYS CAN YOU IMPROVE THE EXPERIENCE FOR CLIENTS AND REMOVE SOME OF THE STRESS?

"The key is to give clients the confidence that they are making the right choice in appliances. That reassurance does relieve much of the stress as does the opportunity to store their purchases at our warehouse until required. The second key is to ensure that the appliances they have chosen will fit smoothly into their cabinetry. Unless a kitchen design company has already been appointed, our in-house design consultation service can facilitate that process for them as well."

"This is a new service that we have launched recently, headed up by Michael Hart. Kitchen Design Co. will not only design your kitchen,

but also project manage everything that is required for you to renovate it - from counter tops to electrics, breaking down the walls if need be, to getting all the cabinetry made and installed and the flooring of your choice laid. Project management is the key to a successful outcome in any building process, and where a kitchen is involved, close coordination of all the trades and timely delivery of appliances is essential."

SOME OF THE SHOWROOM PRODUCTS LOOK AS THOUGH THEY WOULD NOT BE OUT OF PLACE IN A SPACESHIP! WHAT TECHNOLOGICAL ADVANCES CAN YOUR CLIENTS EXPECT IN ADDITION TO VISUAL APPEAL?

"There have been a number of amazing advances in recent years which we can talk about here. If cleaning your oven is a task you would rather not do (and who would!) the leading brands have mastered pyrolytic self-cleaning oven technology. At the press of a button, the door locks, the oven temperature rises to 500 degrees and stays at that heat for a few hours, during which any built up debris or grease that is on the roof, back or sides of the oven turns to a fine ash. When you open the oven, simply use a damp cloth to wipe the walls, the inside will be as shiny and bright as the day you bought it! You will use about 60 to 70 cents worth of power, avoid all those harsh caustic oven cleaning spray cans and save on elbow grease at the same time. If you do this every three or four months you will never have to clean your oven in the conventional way again."

"Induction cookers are a fast growing aspect of the cooking market and are steadily replacing gas. With this technology, you have a ceramic glass cooktop with copper elements



When clients come in, many have not been through the process of buying kitchen appliances for quite a while; some have never had to, and as such are not up to date with what's available. These are significant decisions and with so many ranges and options available it can be quite overwhelming. That is why it is so critical to have well-informed staff whose knowledge will ensure those decisions are right for the client."



underneath. When you turn the elements on, they become magnetic and the particles in the pots interact with magnetism and heat up. The main advantage is that only the pot heats up, and not the cooktop – in addition to this safety aspect, you reduce energy costs and have an energy system that is five times more efficient than gas and with far better simmering capabilities. If you only use a microwave for reheating food, this induction system is far more efficient and effective – so you can review your need for a microwave at all.

“Kitchens are becoming smarter, and in some cases, intelligent, we are seeing ovens with pre-programmed recipes coming more and more to the fore.

Steam ovens are a new category and a new way of cooking, and probably the most revolutionary evolution in cooking we have experienced in a number of years. With steam ovens, the food does not dry out and roasts do not shrink because moisture is being pumped into them. Bread is fluffier if you are baking, and if you want to reheat something, the computer automation built into a steam oven ensures that food remains crisp and inviting.

“Combi ovens are the ultimate in intelligent, computerised cooking solutions as they combine a normal oven, a steam oven and a grill. With V-Zug ovens for instance, you can select from a vast range of pre-programmed recipe options and have food perfectly cooked waiting for you when you get home. The technology is so sophisticated that once you decide how you would like your roast or dessert cooked, it is just a matter of tapping a

few buttons and making a few decisions based on the built-in computer’s questions.

“Here is an example – It is 2pm and you want your roast ready for evening meal at 6pm .. You input ‘6pm’, identify the meat you are cooking, insert the cordless probe into the meat where it will continually measure the core temperature of the roast during the cooking process, the oven automatically measures the mass and weight of the roast and will know when to begin cooking so it is ready for 6pm. After a slow three hour cooking process where heat is constantly adjusted, the steam oven will switch off and the grill will automatically brown the roast on the outside so that it is cooked to perfection. At that time, the core temperature will be 62 degrees, perfect for a moist roast.

“These technological advances have not only taken place in product functionality but also in environmental responsibility and energy efficiency.

An example of this is the latest model Bosch dishwasher; it is the only appliance on the market currently, with a 5.5 star water rating. Through clever technology, they have managed to create a machine that can perform a full wash cycle on 10.3 litres of water, which is astonishing.

“Brands such as Asko from Sweden and Miele from Germany are also renowned for their depth of research in their endeavour to further develop eco friendly appliances. We consider all of these aspects before we present a product for sale in our showroom. Be it energy efficiency in refrigerators or water efficiency in sinks, our aim is to showcase the latest in appliance technology to give our clients a greater choice in range and lifestyle options.”



DO YOU BELIEVE THAT PEOPLE ARE MORE INTERESTED IN COOKING NOW BECAUSE OF MY KITCHEN RULES AND OTHER SUCH PROGRAMMES?

“Without a doubt. When *My Kitchen Rules* was launched in our KHQ showroom, we had the Television channel, contestants and chefs, Manu and Peter Evans in here. There was huge public interest and we know that interest in cooking continues, from the regular comments made by so many of our clients.

“With the high-tech, affordable ovens and appliances available here, cooking to that standard is now within reach of anyone who is willing to invest in the new technology.”



KHQ'S TOP TIPS AND ADVICE FOR CREATING THE KITCHEN OF YOUR DREAMS:

- If you are planning on renovating or building and you are not sure about what your kitchen should look like or what should be in it, arrange to talk to one of KHQ's trained consultants. There is no obligation and they will be able to walk you through a range of options relating to equipment and technology
- Before you start looking at equipment or layout for your kitchen, think about how you cook, what you cook, how often you are in the kitchen cooking and who you cook for. Give this information to a KHQ consultant and they will be able to tailor a package especially for you
- If you currently use a microwave for re-heating and quick 'zapping' of food, think about induction cooking as an option. It is cheaper, faster and more economical.
- Do not limit the possibilities! With today's advances in kitchen technology there are so many new and exciting products out there to make life in the kitchen simpler, easier and more enjoyable. You will be amazed at the time, energy and space-saving options now available.
- Make KHQ the first stop in your process of renovation. You can select your appliances, pay a deposit and store them until the renovation is at a stage when the appliances can be installed.

Air Conditioning



A BREATH OF FRESH AIR QUALITY AIRSURED

When it comes to gripes and dissatisfaction about installation, reliability and service, the air conditioning industry is often regarded with dismay and cynicism by homeowners – particularly in summer months when only cool circulating air can keep the beating sun and unrelenting heat at bay. The last

thing the owner of a failed air conditioner or ducted system wants to hear in January or February is that a technician might be available to come out and take a look in about a month's time – and yet it so often happens.

These days, hardware is generally quite reliable and well engineered. System failures are often brought about as a direct result of inadequate consulting in the first place, and inept installation practices. When people want cold air, they 'want it now' – and the industry as a whole is characterised by the urgent need to satisfy demand, make sales, install systems as quickly as possible and rush headlong to the next sale, and the next installation. In this rapid fire business model, something fundamentally important is missing, and it is often characterised by poor customer service, and lack of genuine concern for the customer's best long term interests.

It actually does not have to be that way. With a background in commercial air conditioning consulting, sales and engineering, Shane Buchan recognised that there was an unaddressed need for high quality sales as well as service in the high end domestic marketplace, and as a result, Quality Airsured was launched in 2003. When Travis England from Q Service and Maintenance joined forces and shared premises with Shane a year or so later, a formidable partnership was created that genuinely does showcase excellence in an industry where 'dreadfully average' is the more common experience.

Our first question to Shane and Travis was deceptively simple, but it really did reach the heart of the matter:

WHAT WAS IT THAT MOTIVATED YOU TO ESTABLISH YOUR OWN BUSINESS?

"We could see client frustrations, appreciated what they were complaining about and felt it was all very avoidable. For the most part, dissatisfaction was caused by companies being too big and impersonal. It meant that there was no continuity of service, no relationship which could be relied on and no connection between the person who installed the unit and the person fielding the service and support calls some time later. Typically, lots of service personnel were involved in any one account, but no one had an understanding of the whole job and the client was left in a communications vacuum. We felt that we could do a superior job and were confident in our ability to provide the level of service that people were actually looking for.

"I was used to running commercial projects, having a handle on everything and ensuring customer satisfaction every step of the way. It was just a matter of translating that level of personal service and management control to the domestic arena."

DID YOU HAVE A VISION OF WHAT YOU WANTED TO BUILD TO IMPROVE ON THE OVERALL SITUATION?

"There was a massive lack of quality in the

domestic market, and I saw that clients were crying out for professionalism. Clients became used to me talking them throughout the job, dealing with problems, answering questions that arose, and showing them how to use the system once it was installed. They knew who to talk to; so it was the same person, the same email, same phone number, all the way through. It was a conscious decision to fill a niche because there was nothing else comparable. My personality was better suited to caring about outcomes, offering options and seeing things through to the end."

IT SEEMS THAT A MAJOR PART OF YOUR JOB IS COMMUNICATIONS, AND NOT JUST INSTALLING TECHNOLOGY?

"It is about communication. Many people ask what is needed to make their house work in an air conditioning sense. They do not know the ins and outs of it, so we bring our ability and design skills to the equation, break each quotation down so that it is understandable and try to view it through their eyes. That way, we are laying a foundation right from the start so that everything is clear and expectations are met.

"It is vital to give clients the right advice – especially when it comes to choosing the capacity of the unit itself. An under powered system in relation to the area size will always struggle to generate adequate airflow, and that is where professional advice and system design comes into its own. A larger capacity unit will work more effectively and last longer.

"We have a certain standard that we always maintain, and that is premised on quality installation. We constantly come across examples of incompetent installations – and they are the cause of many issues later on."

WHAT CHARACTERISES A PROFESSIONAL INSTALLATION COMPARED TO A SHODDY ONE?

"Since the dawn of time, human beings have become used to water flowing downhill as a result of gravity, and yet 75% of air conditioning service calls and damaged ceilings are caused by drain faults and leaks because there is insufficient fall. Many installers do not understand that concept; they take the easy option and we see units that are fitted on joists with little or no chance of water draining properly. In addition, massive extra weight on

ceiling joists makes ceilings sag eventually, and you can even get gyprock pushed away from the joists. That is the last thing a homeowner wants.

"The first thing I look at when I survey a job is to work out where we are going to mount the unit. We always install indoor units as high as we possibly can inside ceiling space to achieve maximum drain fall. That one simple step eliminates 75% of issues at a single stroke!

"It is a common problem caused by 'cowboy' installers working flat out to keep up with demand after an advertising campaign. I have even had warranty situation where the client was sleeping in a fold up bed in the passage because she was too scared to sleep anywhere else! She had more than one ceiling falling down. The company tried to blame the installer, and were chasing them, but it was the company's responsibility. This tends to be a seasonal industry, and many air conditioning companies are willing to take anyone on to keep up with demand, and consequently quality control suffers.

"It is all about mass turnover and it has nothing to do with customer satisfaction, which is why we do not advertise. We do not want clientele who are looking for a cheap system because they tend to be unreliable. Our clients know what they want, place a high value on quality and appreciate great service. When the system has been installed, we want them to say that it was a good experience.

"Honesty also comes into it. We have come across situations where the installation requires three phase power but the company has not specified it or explained the added cost to the customer. The equipment is installed at vast expense, does not work and then we are called in to work through the problems.



"In that scenario, the client could have gone for multiple single phase installations and saved a small fortune, but was never given that option."

SO A TYPICAL INSTALLATION FOR YOU WILL TAKE LONGER AND IS MORE INVOLVED?

"Yes, on average it will take us a day to a day and a half to install a ducted system because we do not hit each job with a massive team. We carry out the installation ourselves, and work systematically through mounting the unit as high as possible, and positioning ducts and pipe work."

"Our style of installation does take a bit longer, it does cost a bit more but I do not recall a client ever suffering water leakage."

Also, if pressure testing is carried out efficiently, gas leaks are virtually unheard of. It is rare for us to be called back to a job, and certainly none have ever been attributable to incorrect installation."

HOW IMPORTANT IS THE POSITIONING OF DUCTS TO EFFICIENCY?

"We tie all our flexible ducts up throughout the ceiling. It is amazing the difference in airflow that you can get by doing that. You can have a 10 kilowatt system but if the ductwork is wound around instead of being in a linear pattern, you might only ever get a capacity of 8.5 kilowatts out of the system because it is has just been congested. Airflow is all about efficiency and thinking through issues. We often see examples of work where the installer has shown no care, spent no time on designing an efficient system and just taken the easy or quicker option."



DO YOU ONLY INSTALL REVERSE CYCLE SYSTEMS?

"Perth, which used to be known for dry heat, seems to be becoming more humid, which means that evaporative coolers are becoming less and less desirable. The rule of thumb with evaporative coolers is that you take the outside air temperature, drop it by 10 degrees, and that is as good as you are ever going to get - and that assumes a dry 'blue sky' day, with less than 20% humidity. Once that figure rises through to 30% and above, system efficiency will drop off to the point where you can actually be blowing 30 degree air and humidity into your home. It is not comfortable or desirable - and it is the reason why most people turn to the comfort of refrigerated reverse cycle! A good night's sleep is paramount; people these days are used to air conditioning and they want it."

ARE AIR CONDITIONING UNITS WELL BUILT AND RELIABLE THESE DAYS?

"Yes, depending on the brand. We generally specify Panasonic and Daikin and also use Hitachi and Mitsubishi Heavy Industries. Usually, I give a client three options with Panasonic and Daikin being the top two. Daikin only build air conditioning units and they are slightly more expensive, whereas Panasonic manufacture many products but are well priced. Five year warranties are standard across the industry."

WHAT RELIABLE LIFE SPAN CAN YOU EXPECT FROM A HIGH QUALITY AIR CONDITIONING UNIT?

"In general, 15 to 20 years. However, in past decades, air conditioners used to last longer, and the same was true of refrigerators. An old 'quality' air conditioner will last almost indefinitely, whereas a new one may fall over in seven years. Added features and technology kills new refrigerators and that is a common problem with many electronic goods."

"These days, compressors keep on going, but the Achilles heel is the PC board. We are becoming a throw-away society and everything is recyclable."

"For an air conditioning unit to work to its greatest efficiency, the air return filters must be cleaned at least every three months, otherwise there will be additional load on the system and reduced airflow. We explain this to

our clients when the system is commissioned and handed over."

HOW IMPORTANT IS ANNUAL MAINTENANCE?

"It is extremely important. We have a maintenance checklist where we examine and check everything systematically - filters, the condenser unit, flexible ducting, fan coils - and we make sure that everything is neat, tidy and tight. It is well worth the cost of an annual call which should ideally be arranged in advance of summer."

"We are part of an industry where over charging can be commonplace ... and once again, it comes down to honesty. It is not unusual for some service technicians to charge four hours for a job which should only take two, and the client is none the wiser."

"For example, we were called to the home of a high profile Perth businessman who was quoted \$40,000 for a complete system changeover because nobody could get it to work. After some research, we ended up talking to the right people, changed a capillary line and a couple of other components, switched the unit on and it worked like a charm."

"We have still got the letter of thanks acknowledging that we had blitzed the opposition by caring and doing our job properly."

ARE SOME AIR VENTS BETTER THAN OTHERS?

"Many air vents involve a four way directional grill, which means that if you want to spot cool an area with airflow, you have the ability to do that. With a normal refrigeration grill, you cannot do that because it is fixed. With a high end installation we may use all sorts of different grills - linear grills, wall registers, and other styles that fit in with the interior decor. Grills can even be powder coated to blend in."

"Long linear grills look good, but the system has to be designed properly to accommodate them with cushion head boxes. There is science involved in achieving effective airflow with quiet operation. When there is constant noise, turbulence and rattling grills it is a sure sign that the engineering is out of sync - and that is always avoidable if the system has been designed correctly."

IS REVERSE CYCLE AN EFFICIENT AND COST EFFECTIVE WAY TO WARM YOUR HOME IN WINTER?

"Heating is actually more cost efficient than cooling because you gain the physics advantage of heat compression. If have a 10 kilowatt system for cooling it might deliver 11 kilowatts of heating."

HOW IMPORTANT IS IT TO INVEST TIME IN TEACHING CUSTOMERS HOW TO USE THE SYSTEM PROPERLY?

"When we walk away we want to feel confident that clients have a basic grasp of the system, the wall control unit and know how to reference the instruction book. For every degree that you change a set point, you are probably changing the efficiency of your system, or the cost of running your system, by 10%."

"We generally bring it down to four main points and make sure that each is fully understood. We also stress the importance of cleaning the return airflow filter."

IS AIR CONDITIONING A SEASONAL INDUSTRY? IF SO, HOW DO YOU SPREAD THE WORKLOAD TO ACHIEVE AN EVEN AND HIGH QUALITY RESPONSE?

"It used to be very seasonal, but now the heating side is becoming more and more important and that evens out the load. When people buy a new home, they are not installing gas heating as much as they used to, and there is a trend towards reverse cycle instead."

IN GENERAL, MOST PEOPLE ARE MORE ENVIRONMENTALLY CONSCIOUS NOW. WHAT CAN USERS DO TO LOWER THE RUNNING COSTS AND POWER USAGE OF AN AIR CONDITIONER?

"Firstly, clean the air filter every three months and secondly make sure that the outdoor coil is clean and clear. I have worked on a job where a plastic bag was sucked into the back of the coil reducing the effectiveness of the unit by 20% to 30%. Check your condenser unit outside and make sure that it is not clogged with leaves and debris. Keep it clean, and remove items that might be propping against the unit, such as wheelbarrows, old doors and junk. If the airflow is clogged it will be adding to the workload and make the operation of the air conditioner less effective."

WHAT SEPARATES QUALITY ASSURED FROM THE REST? WHAT ARE THE VALUES DO YOU SEEK TO BRING TO THE EQUATION FOR CUSTOMERS?

"Sometimes we just have to tell people that their system has reached the end of its useful life and should be replaced. We can make repairs in certain circumstances and an exhausted unit may last a year or two more, but that may not necessarily be a good return on investment.

"At the other end of the scale, there are a lot of lazy, bad tradesmen out there at the moment. There are too many service technicians out there who do not know what they are doing. They have no idea how to diagnose a problem, so their best way of diagnosing is to recommend new equipment. They can't go wrong then!

"Our company is based on honesty and ethics. We carry out work properly for our clients and always offer straightforward, expert advice. We want to be able to sleep well at night, and if one of our clients does need help, they can call us after hours or at the weekend and we will respond.

"We want to be known as the 'Go-To' people for quality air conditioning advice, installation and service – and that is the path we are on."



We always wear a uniform. It makes it so much easier for the guys because they do not have to think about what they should wear to work and it presents the company professionally.



SHANE AND TRAVIS'S TOP TIPS FOR A HAPPIER AIR CONDITIONING EXPERIENCE

- Be wary of heavily advertised air conditioning offers. If it sounds very cheap there is a reason for that and you may be paying for it in terms of product quality and service
- Ask where the installers are planning to locate the unit in the roof. If they say 'on the joists' ask what plans they have for an effective draining system.
- Insist on roof space units being installed as high as possible
- Make sure that the correct capacity unit being proposed. It is better to pay for a more robust system in the long run
- Choose a reputable brand
- Be knowledgeable about ducting and aware that a contorted system will reduce airflow and effective air conditioning. Ask the installers about the design they propose to implement in your roof
- Ensure that the correct vents are specified
- Make sure that you understand every aspect of the system's operation before the installers leave your property
- Clear the main airflow filter every 3 months, and ensure that the external unit is kept clean and clear of rubbish from the yard
- Invest in an annual service and maintenance call

Home Automation



THE FUTURE IN THE POWER OF YOUR HANDS ADVANCED HOMES

In the distant past when early 'brick' mobiles had not even been imagined, *The Jetsons*, a futuristic cartoon family created by William Hanna and Joseph Barbera, was first shown on television in 1962. The Jetsons existed in a futuristic world of flying cars, video phones that resembled iPads, space travel, intergalactic communications and total home automation. Robotic systems and technologies removed the drudgery of routine tasks to leave human beings with more time for being very clever and managing a far more scientifically evolved world.

This fantasy portrayal of what life in the future could look like, seemed very remote and implausible in the 1960s, but it is eerily closer to home now ... and in the capable hands of Warren Blignaut and the team at Advanced Homes, the flexible future of home automation is already unfolding before our very eyes. Not only is it available, it is within the reach of anyone who is prepared to commit a very modest and reasonable budget to make a start on the home automation adventure.

WHAT INSPIRED YOU TO TAKE A CLOSE LOOK AT HOME AUTOMATION AND FIND A DIFFERENT WAY TO APPROACH THE MARKET?

"When looking for an automation solution for my own home, I visited a home automation company, only to find that not only was the technology in the millionaire league and far in excess of my budget, but it could only be applied to a new build. I simply wanted to be able to control a series of devices and have appliances working together. However, there was nothing suitable for my application. Believing there were better and less expensive options, I began to research technology from the United States and Europe.

"Initially, I brought in a system using Z wave technology from the United States. It looked great on paper, was cost effective, and it seemed to do everything that I wanted – but in practice there were serious reliability problems

and with our double brick homes, we had issues with neutral wires going to the light switches.

"My methodology has always been to look for problems and test systems almost to the point of destruction. Unless you do that thoroughly you may well have problems in the field, and so I kept looking until I found the European Fibaro system which incidentally also uses Z wave. After receiving a sample pack we tested it rigorously to provoke failure and it withstood everything we could throw at it without flinching. Fibaro has proved to be a great, robust and flexible system that is ideally suited to the Perth market – and the back end support matches the technology; it is superb."

WHAT IS 'Z WAVE' ALL ABOUT?

"Z Wave is just a wireless protocol, just as Bluetooth is a protocol and some devices, like Fibaro, work with it better than others.

"Our system is based on a small but very powerful computer-like device which actually looks like a wireless router. It is a little silver box that sits next to your modem and operates as the 'brain' of the home. All the programming is inputted into this device and its job is to send out commands and automate the home.

"It has the ability to 'talk' to Z wave-controlled wireless switches which we locate in standard junction boxes around the home – and we



can fit up to four switches in each junction box without the need for making any physical changes to the junction boxes or the wall space which they fit in to.

"For example, to control a standard lamp, we fit a micro switch/server behind the normal electrical fitting in your wall, and we can then control the operation of that lamp from an iPad or a smart phone. You can be on the other side of Australia, go into your system via an Internet-based device and switch the standard lamp on or off.

"Clearly this facility offers security benefits and we can programme a 'holiday mode' for you with music, lights and other devices coming on at different times of the day or night to suggest that the owners are home.

If you have CCTV and cameras attached to the system, you can 'visit' your property whenever you want to and be automatically alerted by sms if trespassing or break-in occurs.

"With our system, you can use your GPS location which will access information on the weather and manage pre-programmed decisions. For example, sunrise and sunset will change daily and you can automate your whole home to react accordingly. You can tell your system to open the curtains at the point of sunrise and close blinds on a gradual basis to keep the sun out of your eyes if you face west. You can also instruct the system not to turn the irrigation on when it is raining.

"If you are on an appointment and travelling back from the City in the height of summer, you can instruct the system to get the home ready for your arrival when you are



say 15 kilometres away from home. The air conditioning will be switched on, lights will be switched on, high level windows will be opened to extract warm air from the home, the pool pump can be run, and the Ph level checked. This really is the world of advanced home automation!"

IS HOME AUTOMATION ONLY FOR THE SUPER WEALTHY?

"Not any more ... definitely not! Wireless standards have come a long way and since it is no longer necessary to install smart wiring while the house is being built, you save a fortune in cabling, skilled labour, time and infrastructure. The Internet based systems we offer now can outmatch hardwired configurations in terms of features and the ability to plug in a vast range of devices. When an upgrade becomes available we can automatically update it to each client's system and give them extra features.

"This is home automation where you do not have to start with a big budget.

You can invest in a starter pack which includes the control unit and for around two thousand dollars your system is underway and you can add to it from there.

It is definitely a system for the mass market and enables you to start controlling lights and manage your TV, Foxtel and other devices from an iPad or smart phone app."

WHAT ABOUT RETROFITTING HARD WIRED SYSTEMS AS OPPOSED TO YOUR IP BASED SYSTEM?

"In a fully integrated smart wired home it is not unusual for people to have whole walls filled up with wires and hardware because every point needs to be cabled and then back to the base. It takes dozens of metres of cable and that adds up, especially with today's labour rates.

"While you could retro fit a hard wired system into an existing home, the cost of installing cables and 'chasing' into plaster and brickwork makes the whole idea unrealistic. You are better off starting from scratch with a brand new home!

"In comparison, the Advanced Homes solution is designed for retro-fitting and is infinitely flexible."



HOW HAVE YOU SOUGHT TO DIFFERENTIATE ADVANCED HOMES FROM THE OTHERS?

"Advanced Homes looks to find individual solutions for our customers based on consultation and understanding everyone's specific needs. We do not just offer standard packages; we look at lifestyle, what you can expect the automation system to achieve and we programme it accordingly with the aim of exceeding expectations."

WHAT TYPE OF DEVICES CAN YOU CONTROL WITH THE SYSTEM?

"The answer is everything! From a simple lamp to windows which can be programmed via GPS data and open slightly to take advantage of through draught in the late afternoon. The usual list includes air conditioning, heating, lights on dimmer switches, smart devices in your kitchen, smoke detector, CCTV cameras with storage HDD attached, pool pumps, reticulation systems, music and entertainment systems, projector screens, blinds, curtains, garage doors, front and back door locks ... and anything with a motor. The list goes on and is only limited by your imagination!"

HOW RELIABLE IS A FIBARO Z WAVE SYSTEM COMPARED TO A SMART WIRED OPTION?

"It is a very robust, reliable system. Just as you may have to occasionally re-boot your conventional modem, our system is no different since it depends on reliable service from your Internet provider.

"Most modems are only designed for ordinary Internet traffic, and it is essential to invest in a top notch modem which is capable of the extra load of also managing home automation input

and output. Some of our clients have 'Naked DSL' and their modems do generally need to be upgraded. We look at each individual case and give our advice based on experience."

DO YOU NEED TECHNICAL OR IT SKILLS TO MAKE THE SYSTEM WORK AS A HOME USER?

"No, you do not need IT skills; it is a very simple interface to use, and the programming is simple and intuitive. It helps if you are used to working with a computer or own an iPad or a smart phone. Advanced Homes builds and programmes the system so that it delivers exactly what you want to achieve. We also teach you how to programme it yourself, demonstrate how to add devices and create your own 'scenes' or schedules of events."

WHAT ARE 'SCENES'?

"Scenes are a group of devices working together. A typical scene would be 'watch a movie'. Imagine that you are in your living room in front of your large screen TV and you can then hit one button which is labelled 'Watch a movie'. Your lights would dim to 15%, the TV and AMP would turn on to the correct channel, the DVD would open, the blinds would close and then the lights would completely go off ready for you to watch your movie. There is no need for numerous remotes to get it all to work. So, a 'scene' is getting a whole group of commands to work as one.

"Another 'scene' might be to prepare your home for you to be away for the weekend with all sorts of activities planned to simulate presence in the home during that period of time."





IS THIS TECHNOLOGY ENVIRONMENTALLY FRIENDLY? CAN YOU USE IT TO SAVE ENERGY?

"Yes, that is probably one of the major benefits. You can use the system to monitor the energy usage of the home, and it can also prompt you to make decisions.

For example, on weekdays, you can tell the system that you will be away from the home from 8am until 6pm, and if there are any lights on, the system will switch them off so that there is no unnecessary power wastage.

In terms of saving energy, awareness is the main thing – and then you can take steps to avoid waste."

WHAT GUARANTEES AND WARRANTIES ARE OFFERED WITH YOUR SYSTEM?

"The system comes with a back to base warranty for 12 months, and if something does go wrong, we will also cover the labour costs involved in an electrician to take it out, replace parts and reinstall it for you."

WHAT DOES THE FUTURE HOLD?

"I think it is virtually limitless. The future I think is a genuinely intelligent home where the system almost thinks for itself. For example, by switching lights on when you enter a room and switching them off when you leave.

"The future of home automation is not so much about 'artificial intelligence', but rolling out facilities like this and making them more affordable and within the reach of everyone."



WARREN'S TIPS & ADVICE ON HOME AUTOMATION

- If you want to automate your home, consider harnessing the power of the Internet and WiFi to drive the system for a fraction of the cost of 'smart wiring'.
- The heart of the system is the controller. In making your choice, choose a system which has an established reputation for reliability in Australian building situations.
- Be clear on what you want the system to control now (the 'must haves') and what you might like it to control in the future (the 'like to haves'). Brief the consultant accordingly.
- If you have an existing home, it is impractical and would become extremely expensive to opt for a hard wired system.
- Choose a system which is flexible, and allows you to add functionality at little cost as your budget allows.
- You should be able to programme yourself with just a little tuition. If it looks too hard, it probably is.
- Ask the consultant how the proposed system will help you to manage or reduce your energy costs.



Home Entertainment



CREATING A MORE EXCITING HOME ENTERTAINMENT EXPERIENCE

I Q SMARTER HOMES

Scott Rogan is a young man who lives, breathes and sleeps audiovisual technology. For the past 12 years, customers have relied on Scott to deliver the ultimate home entertainment experience.

Scott has that unique talent to break through all the techno babble and jargon and explain, concisely and logically the 'who, what, where and how' of home entertainment systems, using interesting and easy to understand analogies, to countless happy customers in search of the best set up to suit their individual needs and wants.

Being an independent consultant with a mountain of audiovisual experience and a vast number of industry contacts behind him, Scott can deliver everything from a basic entry-level home entertainment system to a mega media room where a totally pure sound and vision experience, not money, is the sole criteria.

Scott's services are eagerly sought by luxury homebuilders and demanding technophiles to create the ideal entertainment environment and home cinema experience.

Smart homes are getting smarter by the day, with a dazzling array of new options entering the market all the time. Scott Rogan understands, embraces and makes sense of this complicated and ever changing new world of digital audiovisual 'science'.

Scott Rogan has some definite views on what constitutes the ultimate home cinema experience in your home. The logical first question to ask him was how he decides what sort of system and components he would recommend to someone starting out with their first home entertainment set up.

WITH ALL THE DIFFERENT BRANDS AND OPTIONS AVAILABLE, WHAT ADVICE WOULD YOU GIVE TO SOMEONE WHO IS LOOKING TO ESTABLISH THEIR FIRST HOME ENTERTAINMENT SET UP?

Scott's answer is surprising but totally logical:

"The first thing to decide is the 'What', the 'Who' and the 'Where'.

'What do we want to play or enjoy?' The sort of music and the way you prefer to listen to it - ipod, PC, CD, radio, records, TV shows and documentaries, feature films, a real cinema like experience or a combination of all of the above?

'Who is going to use it?' Will it be everyone in the family, only the children or Dad? Does a smart control system need to be installed or are the users tech savvy?

'How will it be watched?' Open living space, in a separate sitting room, dedicated cinema or multiple rooms? Open spaces need very discreet systems that blend in or match the style of the modern home. Separate spaces are out of every day view and often have more flexibility where the visual impact of sizeable speakers is not such an issue and can deliver increased performance for the same dollars spent.



"Multiple room audio is popular especially outdoors around the pool, in kitchens and dining rooms. Discreet speakers are easy to install but the cabling and 'control centre' that feeds the sound needs to be designed to support it all. This is where design prior to building is of huge benefit."

WHAT DOES A BASIC HOME ENTERTAINMENT SYSTEM COST?

"For a living space, with a 50" TV and a supporting quality hi-fi audio system, about \$4,000 installed with an easy to use smart remote that the whole family can operate.

Naturally that sort of budget relates to carefully selected quality brands and models combined and make an overall system anything but average."

WHAT IS THE DIFFERENCE BETWEEN WHAT IS SOLD AS A 'HOME ENTERTAINMENT' SYSTEM AND A GENUINE 'HOME CINEMA' SET UP?

"That is a good question and possibly one that is at the core of this chapter. If we can start with a definition of both and then work through the benefits, features of each, that will probably be the best way to explain the difference and purpose of each.

"Electrical retailers sell what is termed 'Home Entertainment Systems'. This is your large screen plasma or LCD based HD TV which includes the 55" and 70" monsters. Typically they include a DVD player, built-in amplifier, hard drive, surround sound speakers as well as a Foxtel connection. This is what is often referred to as a 'Home Theatre in a Box'.

"Usually they are set up in a family or lounge room at home and will only run a single area at any one time. Compared to systems of five years ago, they 'do it all' and may look and

sound great, but fall short of a true cinema experience."

IN THAT CASE, WHAT CONSTITUTES A REAL HOME CINEMA?

"To create a real 'home cinema' environment you need to set aside a dedicated space for a purpose-built and fitted room which will allow you to experience the optimal audiovisual 'Feel', just as you would in a commercial movie theatre.

"This extends to the interior feel, seating arrangements, large screen projection, multi-channel speakers and state-of-the-art amp/electronic system to drive it all, thus completing your true cinematic experience.

"For all of this to work, we are talking about a custom design THX (pioneers of cinema audiovisual science) process for locating each part including audience seating, tuning, family friendly smart control system, tuition, servicing and maintenance.

"Of course, this is a much larger investment than a 'one box wonder'. Just like a bathroom or kitchen renovation, the many components and professional labour can add up to some tens of thousands of dollars. Even with major advances in technology, a fundamental well designed home cinema system will stand the test of time and actually offer more long term value than less strategic purchases."

NOW WE HAD THE DIFFERENCE SETTLED, SCOTT DECIDED TO START WITH THE VIRTUAL PLUG 'N PLAY HOME ENTERTAINMENT SYSTEM.

"Once we know what we are aiming to achieve we then need to identify the list of components that help us best achieve that outcome, then what brand is strongest in each field. There are core elements that make it all work. And there is going to be an entry-level price. If we want to make it a movie-based system, we need a TV. And 5.1 sound. This is very different to a system that needs to just provide music for say a dining room.

"Most units today can handle the demanding range of options - for example Foxtel, Freeview, PC, iPod and radio. However, if we also want to share music, even video, with the outdoor area, we need speciality items.

"A lot of people may not realise you can deliver music outside while children watch Foxtel inside from one clever living area system. For these options to be even possible, custom installed cables during the building of a home is required. If we are called upon at an early stage to help design even these common living area systems, we can save the homeowner significant installation costs in the future."

'SIZE' IS OBVIOUSLY THE QUESTION ON EVERYONE'S LIPS, SO HOW DO WE DECIDE WHAT IS THE RIGHT SIZE?

"Your typical TV system in the living area has been developed and produced exclusively for home TV screens. It really is a matter of taste; some people love having a huge TV that dominates a room, whilst others prefer a more subdued style of viewing where it is not 'invading' your personal space.

"For everyday viewing, around 140cm is just fine (50 to 55") and has become the standard measure for TV. Typically, Australian homes are fairly large, so you are usually sitting about four metres away, which is a great viewing distance.

"However, there are some rooms where you may be viewing from a further distance - in the dining room and kitchen, and maybe even an alfresco area (with the aid of swing out bracket system). Therefore the larger of the options may be preferred, going up to 60" or even 70".

"Yes, size is important, however, I believe that people often purchase a TV which is too large and overwhelms their living space. It is far better to invest in a higher quality smaller TV with better sound and picture experience for the same money."

WHAT ABOUT THE SOUND FROM AN OFF THE SHELF TV?

"TV's are now becoming so slim that the sound is literally 'squashed' out of them. The capacity to produce a reasonable sound is very poor, so much so that it is almost opening up a whole new audio market.

"This is where the 'Sound Bars' are coming into their own, by providing neat, 'one box' stylish solutions that sit underneath the TV and deliver a great sound range, particularly with dialogue, which is very important to television with commentary and dramas.

"Alternatively, you may consider a small 5.1 speaker system, with the rear speakers in the ceiling, so that you achieve a greater 'wow' factor. The sound is more 'spacious' even for TV. This is the best choice if your living space doubles as your main TV/movie system."

TODAY'S TECHNOLOGY ENABLES US TO RUN COMPUTERS THROUGH LARGE SCREEN TVs. ARE SOME BETTER THAN OTHERS?

"Audiovisual stored as data on a hard drive or direct from the Internet is becoming a huge form of entertainment and certainly free to air TV and even Foxtel now know that they are facing serious competition. Online content or 'on demand' comes from various products and forms.

"There are Smart TVs that connect to the Internet and give you direct access to video channels such as YouTube or Vimeo. YouTube has such a vast array of content so you can pick your own adventure."

"Devices such as Apple TV, deliver the 'on demand' content with even more features via the iTunes store, which allows you to browse the Apple library, and rent movies, a whole TV series or just an episode if you wish.

"DVR or digital video recorders allow the user to book in a scheduled recording of Freeview TV - store it and watch when they are ready (fast forwarding through the ads). All of the above devices and even the DVR (modern TV recorder) can play audio and video, already downloaded and stored in the computer via a shared home network.



"The PC does not drive the content, rather the computer is allowed to 'look' into the hard drive and stream it out. The TV needs to be capable of recognising that data and be able to turn it into audiovisual.

"New innovations such as DLNA (Digital Lifestyle Network Alliance) have been formed so PC software, TVs, amps, DVRs, gaming systems and Blu-Ray players manufacturers have signed up and all 'talk the same language'. The computer is now really just a storage device, like a USB thumb drive or the Internet."

PEOPLE DO SEEM TO BECOMING MORE SELECTIVE IN VIEWING HABITS. IS THIS THE FUTURE OF VIEWING?

"With Apple TV you can purchase TV shows individually by each episode, for as little as \$1.50. You could buy one episode of Modern Family or, for \$22, or a whole season! You can purchase through your video store or via your TV at home.

It is all about convenience. It is not really less expensive than buying or renting from a DVD shop; in fact it is probably more expensive, but it is all about instant delivery.

The picture quality is also excellent, and is equal to or better than DVD, particularly for picture. However, it will not deliver sheer quality like Blu-Ray disc."

IS BLU-RAY THE BEST WAY TO WATCH VIDEO?

"If you invest in a well put together home entertainment system to make a great Friday Night at the Movies at home with the latest massive blockbuster release you would



be crazy not to choose Blu-Ray, as it delivers so much. Blu-Ray offers the full HD picture found online, and also a massive soundtrack. It is the same amount of information the studios use to mix and create the original soundtrack - it does not get any better than this!"

IS CALIBRATING YOUR TV SCREEN IMPORTANT?

"Calibration, will achieve the level of performance and output that discerning customers expect. Even for those who have not yet experienced the pure bliss of quality audio or video, it is actually one of the most critical components, delivering a significant 30% or even up to 40% improvement in the overall viewing experience.

"It is not just video but audio as well. Cinema system arrangements are very complex, which means we can tweak many small improvements to make a massive difference."

CAN YOU EXPLAIN WHAT CALIBRATION INVOLVES?

"Video, front projection or flat panel TVs straight out of box are not calibrated to 100% accuracy. They are actually set up by the manufacturer to look more dazzling and spectacular, so when you first turn them on you are hit with this giant colourful image that is shinier than 'natural' colour.

"While there are some basic mode adjustments on the screens that give users a few options, they are not really very accurate.

"With the calibration process, we test the actual capability of the television. For example, just one part of about 30 stages of process is colour accuracy. We adjust the colour reference to SMPTE (*Society of Motion Picture and Television Engineers*) video standards, which is the worldwide studio reference under which all video is made.

"When you think that today's TVs can produce over two billion colours and it is all from just three primary colours of red, blue and green - you can bet it makes a difference when they are right on the mark. The result is a beautiful, smooth, natural image with a lot of depth. A really well set 2-D picture, will offer you an almost 3-D like experience."

IS FRONT PROJECTION A GOOD OPTION FOR A HOME CINEMA SET UP?

"To my way of thinking, front projection is the *only* option for home cinema. When you buy a large screen TV, it is still not 'large enough' and it is not a cinema screen. Cinema is designed for extremely large screens and there is a formula we use to calculate front projection and seating distance, based on THX references.

"George Lucas, of Star Wars fame, assisted with the development of the THX or Movie Audiovisual standards system and the same team wrote the 'rulebook' for home cinema way back in 1993. It is based on reference standard screen sizes for both home and professional cinema and the ratios are the same.

"Approximately 80% of all movies are filmed in Cinemascope (anamorphic wide screen) which, when screened on a TV, has black bars top and bottom of the image to compensate for the lack of width in TV format. Our systems project TV in the middle of the screen, and when the movie starts, the image expands wider again to suit the wider footage designed to surround you. The most exciting development for home cinema is cinemascope size and shaped screens."

IS THERE AN OPTIMUM SIZE FOR A DEDICATED HOME THEATRE ROOM?

"For a private, small family cinema with one row of seats it is very easy to create a 'reference' home cinema room at say 4m x 5m. 'Reference' relates to a set standard 'reference sound pressure and level of clarity' and screen size ratio of viewing, in 'cinema format.' Even the shape of the cinema room can be pre-calculated for optimal results.

"With two rows of seats, we need to create a screen size to suit both rows - not too big and not too small, and we also need smoother sound across a wider area. If your cinema has two rows of seats, it will take more work and equipment, and you will need a larger room, and preferably a 5m x 7m zone."

DO YOU NEED TO GO TO THE EXTENT OF SOUND PROOFING THE ROOM?

"A reference level sound system will filter through any air gap, any nook and cranny in a room. If your children are trying to fall sleep



down the hallway, or the neighbours are sensitive to sound, you are going to have an issue with noise, and you will never be able to play your system at maximum level.

"At the same time you do not want sound from the outside coming in to distract from the intensity of the movie. Specific materials are recommended to the builder or construction team for soundproofing.

"Room acoustics are also really important and that is different to soundproofing.

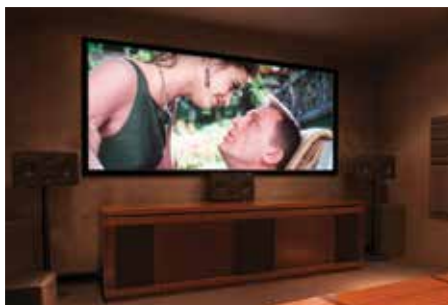
A dedicated sound room is just a box with acoustic problems. It is not until it is professionally adapted for that room's unique acoustic properties that it becomes a cinema or listening room.

"If the extra investment is too costly there are option modes in the equipment such as *Night Mode*, which allows you to crank the sound up so that you hear all the dialogue and subtleties, but when the big explosion comes, it actually keeps it within a certain range. This is great for open living areas where a dedicated tuned acoustic space is seldom possible."

WHAT ABOUT LIGHTING?

"We look at lighting in the cinema room as part of the total experience. You can dress up and theme a room, but ultimately while the movie plays, you want to see just the image. Lighting then becomes a matter of function and form, and not so much performance.

"We ensure cinemas are darker-toned rooms with no reflection coming from benchtops as the light from the screen image will light up the



room and illuminate walls and benches, that can distract you from the image and therefore the movie's story."

WHAT LEVEL OF INVESTMENT IS INVOLVED IN PREPARING A NEW HOME (OR RENOVATING AN EXISTING HOME) TO TURN IT INTO A 'SMART HOME'?

"A smart home is one that can connect, share, play and control. To do this reliably we need high speed cables. The National Broadband Network is starting to roll out huge capacity to stream live HD video - this might come to your house soon, but will not transfer to wireless.

"Pre-wiring for the average family home is going to run to between \$5,000 and \$15,000. It is becoming a component of the modern home, such as kitchen benches, paving and plumbing.

"When we fit out a new home we often install about 20 data points for TVs, Apple PC, WI-FI, components, DVRs, Foxtel, printers - all of these products demand access to data. Even some points in the kitchen now require data access.

"Going into a new home that is 'underdone' with smart wiring means you will struggle to seamlessly stream HD videos as there is already so much wireless traffic. Smart control systems make life easy for the whole family. So the pre-wire component is really important.

"And with such rapid advances in technology it is no longer about future proofing your home, because the future is now!"



SCOTT'S TIPS TO ENHANCE YOUR HOME CINEMA EXPERIENCE

- Match your home cinema viewing experience to your environment and subject matter. The first thing you need to decide is the 'What' and the 'Who'. What do we want to play or enjoy? What form of entertainment are you going to watch and who is going to use it?
- Size *is* important and size does matter, however many people purchase a TV that is too large and it ends up overwhelming a confined living space. It is far better to invest in a somewhat smaller, higher quality TV with better sound and picture experience for the same money.
- Invest in having your system audio and video screen calibrated. Calibration, is actually one of the most critical components in optimal viewing and audio delivering a significant 30% or 40% improvement in the overall viewing and sound experience.
- Front projection is the *only* option for a true home cinema experience providing the 'ultimate' in cinemascope shape. If you were to purchase a huge TV, it would not come close to delivering that experience.
- Vision is just one component of a professional home cinema set up. The right sound system, sound proofing/acoustics, lighting, furnishing and the size of your home theatre room all contribute equally to the overall 'real cinema' experience.

Technical Measurement



THE MEASUREMENT OF SUCCESS ERGO MEASURE

Western Australia hosts one of the world's main powerhouse economies and upon its success, the State's population, infrastructure and housing industry has rapidly developed over the past ten years. Fuelled by overseas demand for iron ore, gold, other mineral resources and energy, Western Australia's resources boom is set to continue for decades to come. While major international players take the limelight and attract most of the attention, there is heavy reliance on highly skilled and well resourced contractors to solve the technical, engineering and logistical challenges that are part and parcel of Western Australia's world class Oil & Gas projects.

One such specialist provider is Perth based Ergo Engineering. Founded and driven by Vaughan Ferguson, Ergo's design team has established a long and proud reputation for providing engineering services and solutions for major offshore as well as onshore projects. In addition to independently checking designs created by other technical agencies and troubleshooting engineering challenges, Ergo is one of the leaders in the field for 3D modelling and the preparation of detailed and complex construction and installation drawings.

This core expertise in some of the world's most demanding and quality intensive industrial environments has encouraged the Ergo team to increase their scope of operations and diversify. As a result, Ergo Measure offers leading edge design, 3D modelling and incredibly accurate measuring services to the building, construction and light engineering industries across Western Australia.

When we met with Vaughan and his son Lee in their Maylands offices just off Guildford Road, the first question went to the intriguing nature of the technology which they brought to the table:

WHAT IS THE SCOPE OF THIS TECHNOLOGY, AND HOW DID YOU GET INVOLVED IN THE FIRST PLACE?

"Having trained in photogrammetry in

the engineering workplace and realising its potential, we seized the opportunity to embrace this technology when the E-Template system was presented to us. After analysing various electronic measuring systems in the marketplace we decided that the E-Template system gave us the confidence to build a business where the end user was comfortable that their business would benefit from Ergo Measure's expertise.

"Initially we commenced using this technology exclusively for the domestic sector after training ourselves in its operation to an extremely high level. Since then, after realising the benefits, we have used it on engineering projects to save major clients significant amounts of time and money by identifying manufacturing mistakes and inaccuracies before fabricated items actually arrived onsite or on offshore platforms.

"Having operated comfortably in that very testing and challenging environment for a number of years, it was much more straightforward to adapt the same systems to the building and construction marketplace in Western Australia. However, managing risks, and eliminating the possibility of errors, was always going to be of critical importance. No one else that I am aware of uses this technology as a business in the same way. It



is too risky unless you are really confident that you have the right team and the systems in place – otherwise you would be very quickly out of business.

“It is only because of the confidence I have in dealing with Oil & Gas projects and training a team to handle this technology to world class standards, that I can be confident about the outcomes on each and every occasion. A few people in Australia have just started to use this technology, but they only use it for themselves; they do not use it as a service business. In that sense, Ergo Measure is unique.”

WHAT ARE THE APPLICATIONS FOR THE BUILDING INDUSTRY?

“At one end of the scale, we can assist designers, manufacturers and installers with precise measurements and 3D modelling data for incredibly complex shapes including long curved balustrades for staircases, intricate balcony railings and all manner of high end architectural features.

“More standard projects include kitchen, laundry and bathroom benchtops, cladding for internal and external wall surfaces, ceilings and architraves, accurate measurements for renovations and restorations, as well as commercial fit outs and office space layouts.

“The service we offer is totally flexible and adaptable; the tougher the assignment, the more confident we are to deploy the technology and skilled operators to provide the accurate data that constructors and fabricators are looking for.”



BEFORE

WHICH INDUSTRIES CAN GAIN MOST FROM ERGO MEASURE'S SERVICES?

“We work with architects, designers, draughtsmen, fabricators, high end construction companies working on major, high profile projects, builders, renovation companies, balustrade manufacturers and installers as well as numerous trades involved in the building industry.

“These include kitchen and bathroom design and construct companies, high end cabinet makers and carpenters requiring assistance with the creation of large and complex shapes, window manufacturers and installers, as well as fabricators commissioned to produce intricate and customised metalwork features.”

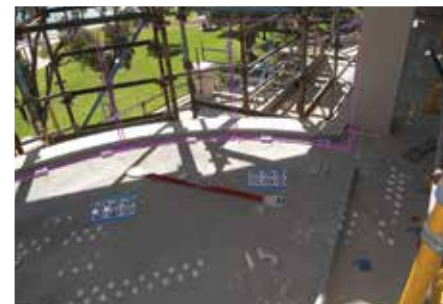
HOW DOES ERGO MEASURE ENGAGE WITH CLIENTS? WHAT IS THE PROCESS?

“For the purpose of this answer, we will use the example of a kitchen where the architect or builder has created the space ready for the kitchen cabinets and sinks. Ergo Measure has been called in by the kitchen design company (an existing client) to take accurate measurements for a new kitchen which is part of a renovation project in an existing home. The steps are as follows:

- The client logs in to the ergomeasure.com.au with a secure password
- The kitchen measure/template job is logged into our system
- A notification based on the customer authorisation is automatically generated – electronic copies are forwarded to the client and Ergo measure team



AFTER



BEFORE



AFTER

- Paperwork is generated via our proprietary database which tracks the work all the way through – and the job is set up to receive data from site
- An Ergo measure technician visits the site, records the data by a specially adapted camera (including overall shots), returns to base and the CAD drawings are generated. It is then possible to superimpose the drawings over the photographs (see examples shown)
- We generate the template on our system and send the client the DXF file (which is a CAD or computer aided design file) – and this data is communicated to their Computer Numerical Control (CNC) operated cutting equipment
- We will have separately measured the sinks on site to ensure that they will fit correctly into the benchtop drawings – and this data is also communicated to the client via the DXF files
- The client then manufactures the benchtop with their CNC machine. Since stone benchtops are extremely costly, 100% accuracy is paramount
- All activities, visits and client interactions are recorded on the database
- Ergo Measure takes full and insured responsibility for the accuracy of results which are 100% guaranteed.”

WHAT SPECIFIC BENEFITS CAN YOUR CLIENTS EXPECT?

“Accuracy: The templates we produce are extremely accurate and the possibility of interpretation errors between traditional

wooden templates and digitisation stage is removed. Typically, the wooden templates are assembled from various individual pieces back in the workshop and the normal procedure is to create drawings as best they can, allowing an extra millimetre here and there based on instructions written on the templates. With Ergo Measure, there are no interpretation errors between the data collected onsite and the digitisation stage. The precise measurements we generate are superior to other existing or manual methods of recording data.

“Competitive laser systems may be accurate, but when their drawings are created they do not know whether they have actually drawn it up to the right side or the wrong side of the item requiring measurement. All they produce is a series of data points that are difficult to verify offsite. In contrast, our technology brings the site back into our office and we can actually visualise exactly what has been measured from our desk, and know that the instructions provided to our technician have been carried out properly. The pink lines indicated in the photographs are there as guidance (see illustrations).

“Visibility: Ergo Measure facilitates photographic images of each job site during the fabrication process and installers can expect images of the final template shape plotted into job site photographs. In the case of kitchen installations for instance, seen edges, rough cut edges and the precisely measured kitchen framework (carcass) are colour coded for easy interpretation. It is a simple matter to show bowl and other cut out positions.

“On the backplotted photographs, templates can be seen relative to the actual worksite and this provides clear interpretation for architects or designers, site supervisors, cabinet makers and client representatives. If changes are requested, the design can be quickly replotted and visually inspected by the client.

“Accountability: Once the Ergo team completes its task, DXF (data exchange files) are ready for CNC programming and the possibility of human error during the typical physical to digital translation is removed. The service also provides photographic evidence of what was actually onsite at the time of Ergo’s services were provided – and sometimes this evidence is useful to contractors in resolving disputes with other trades.

“Opportunity: Utilising Ergo Measure’s measuring and 3D modelling services may enable contractors to look at a larger market and with the view to manufacture more difficult jobs and offer greater flexibility. In addition to pure savings, manufacturers may also be in a position to reduce lead times as well as greatly increase their usual output and work scope.

“Saving space and manpower costs: Ergo’s templates do not occupy physical space, and contractors can expect a significant percentage increase in floor space since storage is not required. This floor space can be converted to manufacturing areas. Key personnel (the most skilled tradesmen employed in the business) who are usually used for manufacturing wooden templates may be deployed more effectively on the production line or other income generating tasks.

“Reducing the possibility of damage onsite: Conventional templates are large, heavy wooden items that have to be carried in and



out of people’s homes and there is always the risk of damage to doors, walls, paint and other property. -

“Saving time: In addition to the whole process being faster than using wooden templates, we can send the back plotted photos of the final drawing out to the client and he can request changes ... for example, he might want a curved panel to become a straight panel. We do not need to go back to the site. We just amend the drawing, plot it back over the photographs and give the client a different perspective of what it is going to look like.

“Quality: Do clients actually get a better looking kitchen as a result of using Ergo Measure’s services? As a result of our software, and the way in which the data is captured, we are working off a real, surface – as opposed to working with a handmade template. However good that manual template may be, it will not produce the closely followed and consistent lines that our system offers – and that could well be the ‘noticeable difference’ when the kitchen is completed.”

And in conclusion ...

“As a result of my background in drafting, I have taught all our people to visualise and do the work in three dimensions. They also need to be able to understand where the problems can be in those same three dimensions. Everything has to be spot on; everyone is personally responsible for the quality of their work and our systems and training supports them in that. If we make an error here the cost is down to us and that tends to focus the mind on getting it done right the first time!”



3 | Preparing a home for sale (or renovation)



INTRODUCTION

‘Renovating’ – it is a word that either strikes fear into the hearts of the not so handy men (and women) out there ... or it represents a challenge that can reap rewards for those who have skills and are prepared to do the hard yards.

Renovations take place for a variety of reasons which include:

- Preparing a home for sale (which is this chapter’s main focus)
- Catering for the needs of a growing family
- Providing additional space to welcome an elderly family member
- Adding additional games room or recreational space
- Improving the property for investment purposes
- Being just fed up with the tired old look and wanting a change

Everyone has their own, or someone else’s, horror story about an unfinished renovation or one that has gone terribly wrong, which has threatened marital bliss by having to live for months (sometimes even years) among the ‘rubble’ of an ongoing upgrade saga.

Whatever the reason, it is an undeniable fact that a little bit of time spent giving your property some ‘tender loving care’ can contribute significantly to a home’s resale price.

A neatly manicured garden, freshly painted walls, shampooed carpets, some new curtains and soft furnishings, or a kitchen or bathroom makeover, not only transforms a property’s appearance, but helps to lift it out of the everyday ‘ruck’ of endless ‘For sale’ signs in your area. A skilfully renovated property with tasteful internal and external presentation stands out like a shining beacon in the night.

In this chapter you will hear from companies that are the best in the business, offering everything from practical advice from ‘tradies’, cleaning up inside and out, photography that presents your property in the best light for advertising plus renovation tips from a company whose name ‘perfectly’ reflects the passion they possess for superior renovations.

You will find great ideas on the little things you can do to present your home for sale together with some of the pitfalls and problems that can arise when DIY renovations and repairs go horribly wrong ...

and believe me, unless your name is Jamie Durie, Scott Cam or you won The Block, attempting anything major on your own, without professional help, could lead you to seek ‘professional help’ of a different kind!

We see this chapter as a ‘Master Class’ in the right way to prepare your property for sale - to obtain the best possible return and, at the same time, we are offering a range of great ideas and input on how to go about successfully renovating your home for maximum enjoyment with minimum heartache and stress. Prepare to be impressed!



Project Management



PROJECT MANAGING CONSTRUCTION AND RENOVATION WORKS

PEOPLE RICH

The successful design and construction of significant renovations, residential and commercial developments and building or trades work, all depend on good project management practices. The complexities of architectural and structural designs, the selection of materials, costings and schedules, compliance to the required building code standards, and coordinating the effort of bringing together the different specialisations and trades requires planning. Even selling a home or land can follow project management principles, as there are definable steps that have to be taken.

Often these activities have a dependence on certain tasks being completed before others can start - for example, the disconnection of power and plumbing before removing the bathroom vanity. Project management allows for the identification of which order tasks need to be completed in order to establish the best possible schedule. In projects, time is a critical component, as is cost and quality.

Every construction or renovation job comes with its own risks, issues and challenges, and it becomes critical to manage it as a project if you want quality outcomes within a defined budget and schedule. There are a number of important tools in project management that make the whole process much easier.

The term *project management* has been linked to the construction industry since its inception, and even the great pyramids are examples of project feats that would have required significant planning and coordination. Today, there is a whole process of good project management practice that enables builders, renovators and tradespeople to build and improve constructions in a consistent and quality manner, and to do it in a way that is cost effective and timely.

PROJECT LIFE CYCLE

Project management of any real estate project has a life cycle that begins at the *initiation phase* that sets out the basic design concept of the construction or renovation works. During this phase, consideration is given to the access and control of the land, the many options for the residential, commercial or combined use

of the land parcel dependent on the zoning, market demand and the different parties that will be involved. This includes the funders, the builders and the workforce, and considers the feasibility of undertaking the work and the return on the investment of the different potential options. The main document that is used in this phase is called the *project proposal* or *feasibility study*.

Once the proposal is accepted, and with the land parcel secured, the construction strategy is selected from the options considered and if the decision is to progress, the project enters into the *planning phase*. This is where the detailed drawings, permits, contracts and appropriate building approvals and technical assessments are progressed in preparation for starting the work on-site. Some organisations carry out the main architectural work during the execution of the project. However, in most cases, this is considered to be part of the detailed planning. From the project view, the design could be part of the planning - however the architect will deem the design component to be a project to their firm, so this is effectively a sub-project to the whole construction project.

The product scope, being the actual output of the project, needs to be well defined. If it is a house and land package, the specific details of the house, including any fittings options, need to be well documented and agreed. Many new home buyers become disillusioned when this is not outlined correctly, particularly when the final presentation or handover of their new home fails to meet their expectations.

If landscaping was to be included in the contract, it would have had to be documented and agreed with other items that some people may expect to be included such as a letter box, television antennae or a clothes line. It is also necessary to define what will not be included. This is known as *exclusions* or *out of scope* items. A person may rightfully assume that the house and land package comes with a driveway ... after all, there is a garage and there is a road, so there is an expectation that the driveway would be an obvious part of the package. This is extremely important as a client may become very agitated if the driveway is not there, and therefore will impact upon their whole perception of the house. If it is their own home they will have a higher emotional connection to the property for it to be correct.

The next phase is known as the *execution* phase, and in this phase the land is typically cleared, leveled and the construction work is commenced and completed. This phase requires a lot of coordinating of the different trades that are involved, the delivery and management of the building materials, and the security of the site, with consideration to the safe work practices and waste management requirements.

The most important consideration is to get all approvals achieved before starting work, as an annoyed Council or other authority can step in and prolong the execution phase. This can be the end to a development business where they have their money tied up and no means of progressing. Healthy relationships with the Council and ensuring compliance to regulations all contribute to making the project progress as smoothly and as fast as possible.

Selling the property may also be part of the execution phase if you are building to sell, which would have needed the implementation of a marketing strategy. This would simply be managed as additional activities within the scope of the project. Many large multi-level structures, such as apartment buildings, require pre-sales before the project can be funded. If these sales are not met, then the project is often cancelled or postponed, hence there is risk that needs to be managed through additional contractual clauses in the offer and acceptance that enables the developer to terminate the contract if pre-sales are not

achieved by a specific date.

During execution there are many tasks that require specific project tools to manage, monitor and control the project process. From project team meetings, quality verification checking, risk management, and even managing changes to the scope of the project, there are project tools that promote a proven and structured approach that reflects best industry practice. When the client desires a different design, or a modification during the execution phase, it calls upon a variation to the management process. This process considers the proposed change and its justification, then calculates the impact on the schedule, cost and quality (specifications) which then needs to be accepted by the client before implementation. The execution phase comes to an end when all the construction works, testing, certification, commissioning, and site clean-up has been completed. The building is now ready for handover to the client.

The last phase of the project is referred to as the *close-out phase* where the contracts and associated payments are finalised, the property is handed over with the keys to its owners, the documentation and drawings are archived, and the project team is disbanded. When the owner accepts the deliverables and takes control of the asset, then the project is said to have been delivered.

NINE KNOWLEDGE AREAS

The complexity of a project can be broken down into nine specific knowledge areas or functions. They comprise scope (defining the construction design and all the work that needs to be conducted to create the building), time, cost, quality, risk, communication, human resources, procurement and integration (how everything comes together into the project plan and interrelates to one another). In fact, if you change an element in one knowledge area, you effectively impact other areas. For example, if we needed to bring more people in to get the job done faster (human resources) we also increase the expense (cost management).

Although construction projects are dependent on tangible items such as plans and building materials, the trick in managing successful construction projects is often a result of dealing with the people challenges, such as people not following the plans, not turning up on time or

on the right day, or not working productively and getting the tasks completed on time.

A *project manager* is appointed to all construction works, often referred to as the *construction manager*, who is responsible for making sure all the work gets done. There can only be one responsible officer for each project, however if you go on to a commercial construction site, you may notice that there will be several people carrying the project manager title. Typically what happens is when a commercial project design is developed. It is done through an architectural company, the construction work through a building company, and all the sub-contracting work through separate electrical, plumbing and other trades. Each business involved will have a contract for their specific work obligations, and will manage the work as a sub-project and therefore will appoint their own project manager to oversee their specific scope. When you look at it, however, you will notice that these are sub-components of a bigger project. In saying this, the business doing the sub-project will deem that their component is a whole project for their industry and as it has a contract, has defined deliverables and a schedule and budget to work to, and from their perspective it is a project. The reality of the whole construction being a single project is made clearer when you see the construction signage on the site as it only mentions one person as the project manager.

In the construction industry the term *construction manager* is often used over *project manager*, and in other situations the terms *project leader* or *project coordinator* may be used, however they all relate to the same role if they are referring to the individual

responsible for completing the project. The organisation will use its own naming convention, as long as the individual who is acting as the main project manager can be identified.

There is also a *program manager* or *project director* role for large multiple construction projects, such as a sub-division or where multiple construction sites relate to the same event – for example, the Olympics. Each individual construction will have its own project manager. However the project exists within a larger *program* of works, and therefore a manager role is used to oversee the whole program. The program manager is generally dealing with the politics and overall strategy to ensure the project manager is left focusing on the project.

PROJECT SCOPE MANAGEMENT – RENOVATION A CASE IN POINT

Working with the client (project sponsor) there is a need to well define what is being done and what they will ultimately get. The client is primarily interested in what they get, when they will get it and at what price.

The definition and quality of the ‘what’ is called the *product scope*. That is effectively those deliverables (outputs) that are being created, such as the commercial building, car park, swimming pool and landscaping. Projects become problematic where the deliverables are not well stated, and where ambiguity exists. What is in and out of scope (exclusions) needs to be documented to provide the clarity to the client as to what exactly is being built.

When it comes to real estate, the deliverables are also defined by the drawings, however many people do not understand how to read a

drawing, so they will use descriptors such as a 4 x 2, brick and tile, two-storey, double garage home with 480 sqms of living space on a 750 sqm block. Then the drawing will be referenced and detailed specifications will exist that will drill down to even outline the type of tapware being used. The designer will be able to provide technical drawings and the schematic layout that will include all the dimensions and different elevations. Sometimes a 3-dimensional picture can be used with software allowing a virtual walkthrough.

A detailed list of each item, its colour and finish will be included as well as detailing the other services, such as the removal and disposal of the kitchen benches and overhead cupboards, tapware, sink and rangehood, including: cutting and sealing the water, waste and gas services allowing for appliance and cabinet removal; and the isolation and removal of general purpose outlets for cabinet removal. Each product and service needs to be listed.

The ‘how’ is the other perspective of scope, known as *process* or *project scope* that is all the work required to create those deliverables. This is set out in a project tool called the *work breakdown structure* that defines the activities and tasks that are being done, when, by whom and at what cost. This becomes the work plan that assures work and the right sequence of work (i.e., the task dependencies) is completed within the defined schedule and budget.

In a renovation, the actual deliverables will detail the service work being done, such as the removal and disposal of the existing kitchen, the installation of the new kitchen, including a new oven, rangehood, and fridge (referencing to the model of the appliances and a drawing of the new kitchen layout), including all electrical and plumbing works, and in the case of wooden floorboards (specifying the actual board model and corning).

The work breakdown structure comprises activities (written in noun words) and task (written in verb words). Tasks are the ‘doing things’, hence can be given a human resource, cost and schedule, whereas activities are simply logical groupings of tasks that make the project easier to understand. A simple partial example would be executing the kitchen renovation project that included the removal of the existing kitchen and the preparatory

works. The basic work breakdown structure below shows a part of a *kitchen renovation* project plan with summary information at the top, and the first activity is defined as *existing kitchen removal* that has three sub-activities: electrical, plumbing and carpentry, each with their respective tasks (the actual work to perform). The predecessors column shows the logical order (explained later) and the actual effort in hours. Each activity’s effort is measured in hours then added up to show the whole *existing kitchen removal* and *preparation works* together (i.e., shown for those activities/ tasks listed below as a total of 9.5 hours). The summing up calculations are automatically completed by the software.

WBS Activity/Task	Predecessors	Effort (hrs)
Kitchen Renovation		9.5
1 EXISTING KITCHEN REMOVAL		9.5
1.1 ELECTRICAL		1
1.1.1 Disconnect power		1
1.2 PLUMBING		3
1.2.1 Disconnect plumbing	1.1.1	3
1.3 CARPENTRY		5.5
1.3.1 Remove and store cupboards	1.2.1	3
1.3.2 Remove and dispose of kitchen cupboards	1.3.1	2.5
2 PREPARATION WORKS		0
2.1 Remove site	1.3.2	1
2.2 Level ground	2.1	1
2.3 Reinforce existing coping for sink	2.2	1.5
2.3.1 Reinforce for fridge water supply	2.3	0.5
2.4 ELECTRICAL		0
2.4.1 Run electrical pipes	2.3.1	0

The work breakdown structure can be expanded to detail not only the activities and tasks, predecessors and effort in hours, but also the elapsed time allowed (duration), earliest start and latest finish dates, costs, and the allocated human resources. The work breakdown structure below now effectively tells us who is doing what and when, and allows the costs and schedule to be determined.

WBS Activity/Task	Predecessors	Duration	Earliest Start	Latest Finish	Cost	Resources
Kitchen Renovation		14 days	Tue 10/10/12	Mon 15/10/12	\$800.00	10000
1 EXISTING KITCHEN REMOVAL		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.1 ELECTRICAL		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.1.1 Disconnect power		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.2 PLUMBING		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.2.1 Disconnect plumbing	1.1.1	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.3 CARPENTRY		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.3.1 Remove and store cupboards	1.2.1	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
1.3.2 Remove and dispose of kitchen cupboards	1.3.1	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2 PREPARATION WORKS		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.1 Remove site	1.3.2	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.2 Level ground	2.1	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.3 Reinforce existing coping for sink	2.2	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.3.1 Reinforce for fridge water supply	2.3	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.4 ELECTRICAL		1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000
2.4.1 Run electrical pipes	2.3.1	1 day	Tue 10/10/12	Tue 10/10/12	\$50.00	10000

The term *predecessors*, more commonly referred to as *dependencies*, show the task relationships. This is needed, as in any construction work there is a logical sequence to the tasks with many different personnel involved, including the different tradespeople



require high res jpg please



who have to attend the site in a specific order. These *dependencies* show the required order in which the tasks have to be completed to allow the project manager to see the impact of any delays. The diagram above shows that task 1.2.1 is dependent on task 1.1.1, hence if there is a delay in task 1.1.1, then task 1.2.1 will also be impacted.

Multiple tasks can be run in parallel at the same time - however, it does depend on the availability of human resources. If there are no multiple teams of human resources available to do the tasks in parallel, they would need to be progressed in a sequential order and will obviously take longer to complete.

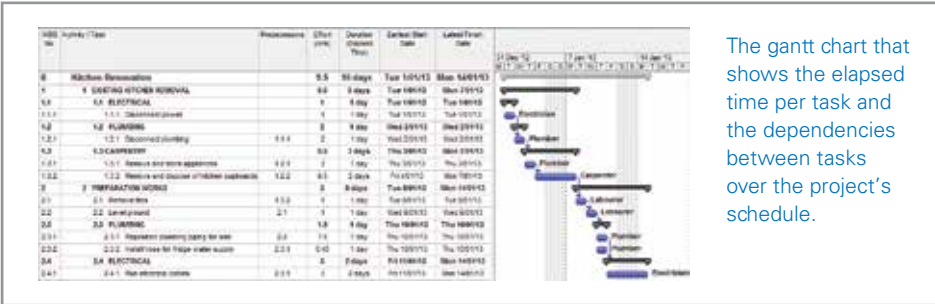
From this schedule information, the diagram below is automatically created and represents the *gantt chart* that shows the elapsed time per task and the dependencies between tasks over the project's schedule. In the partial example below, it shows that there are ten days to remove the existing kitchen and prepare the site for the installation, yet the actual hours of effort are only 9.5 hours. The weekends can be established as work days or not in accordance to the software's configuration, hence the ten days noted were actual workdays (between the 1 January and the 14 January).

The gantt chart is the most common form of network diagram used in the construction industry that is based on the dependencies between tasks, and allows the software to automatically tell you how long the project will actually take.

The work breakdown structure is also critical to being able to track the process of the projects during the execution phase. This is achieved by tracking and reporting the percentage complete of each task, and separately recording and managing project issues and risks.

In the second part of this paper (which provides vital tools for those responsible for major projects and large-scale undertakings of all kinds) Todd looks in considerable detail at all the nine knowledge areas or functions of project management, including Scope Management, Time Management (including Critical Path), Cost Management, Quality Management, Risk Management, Communications Management, Human Resources Management, Procurement Management, and Integration Management, as well as the principles of Earned Value Tracking, Managing Issues and Managing Change.

The entire paper is available in eBook format at no cost for RETA readers via <http://www.peoplerich.com>



Photography



PICTURES PAINT A THOUSAND WORDS OPEN2VIEW

Today, more and more prospective buyers are viewing property on the Internet as their primary source of information, with many people creating their inspection shortlist from what they view and compare online.

Buying and selling a home is a very visual process and people selling properties are now realising the importance high quality photographs have on a successful transaction. Professional photos can mean the difference between being included on a buyer's shortlist or not.

Open2view has 14 very experienced photographers throughout Perth and surrounding regions with a support network of hundreds of photographers throughout Australia, New Zealand, USA and Canada. Each Open2view photographer owns their own business and they live in your area. Open2view is the team to see when it comes to creating the right image and visual appeal to showcase your property in the right light.

First impressions really do count. If you want to really make a great impression when your property goes to market, Open2view specialises in producing top quality real estate images.

As we focused right in on our subject from the start, the Open2view team put us right in the frame:

WITH SO MANY MORE BUYERS AND SELLERS INCREASINGLY TURNING TO THE INTERNET TO BUY AND SELL PROPERTY, DOES THIS MEAN THAT THE OLD RELATIONSHIP BETWEEN THE REAL ESTATE OFFICE, THE AGENT AND THE

PROSPECTIVE BUYER IS CHANGING AND EVOLVING?

"There is no doubt that today's prospective purchasers are far more informed about the property market and the specifics of what properties are available thanks to the Internet. However, I do not believe that the traditional real estate market has suffered from the growing access to this invaluable resource. Rather, what has happened is, that as a consequence, there are more 'qualified buyers' presenting to real estate agents, who are far more savvy and better prepared for the buying experience."

FIRST IMPRESSIONS COUNT, AND THESE DAYS YOU ONLY HAVE ONE CHANCE TO MAKE THAT IMPRESSION A GOOD ONE, SO HOW IMPORTANT IS PHOTOGRAPHY IN CAPTURING, AND KEEPING, THE PROSPECTIVE BUYER'S ATTENTION?

"Research into online property advertising (see chart) confirms that people looking to buy property online value quality, choice and professionalism in the images that they are viewing. In fact, it has become abundantly clear that people spend a significantly longer



period of time online, viewing properties that meet these criteria.

“Generally speaking, a professionally presented and marketed property will not only sell quicker, and for a price closer to the asking amount, but also it gives the prospective purchaser confidence that they are dealing with a professional and competent agent/seller.

Having established that images are important, we then tackled the issue of ‘happy’ amateur snaps versus professional photography.

WHY SHOULD BUYERS AND AGENTS ALWAYS USE THE SERVICES OF A PROFESSIONAL PHOTOGRAPHER?

“It is extremely important to be aware that your home is in competition with other homes. A buyer’s *first impression* is everything. It may be the difference between you selling your home quickly and for an excellent price or taking months longer to sell for a lower price.

“The following shows a comparison between a homeowner’s and our approach to photographing the interior of a home for sale.

“Firstly, let us look at the homeowner’s attempt to photograph this bright area:

“The shot might look passable but it presents the house in a poor light – pardon the expression. It is over-exposed because of the bright outside light, so we lose detail of the outside tropical garden aspect and the interior is darker and in shadow.

“The composition of this shot is indistinct and messy; the interior and exterior aspects should be the focus and the appeal of the image, not the musical clutter in the corner of the room.



BEFORE

“Poor photography will visually degrade the appearance and the value of a house, and in the eyes of the potential buyer, both the seller and the Agent have in all likelihood lost that opportunity to capture their interest. Some real estate agency brands refuse to use amateur images because they could reflect badly on the company and damage their professional reputation.

“Now, here’s a professional’s take on the same subject:

“Note the better composition. In this image, a wider angle lens is used, together with professional lighting, more contrast and it is not ‘blown out’. You can see the garden and how the exterior aspect works with the room; it looks larger and neater, and has had a touch of post processing to sharpen and better define the image.

“Which do you find more attractive and appealing? Which one ‘sells’ the room and the property’s attributes better?”

WHAT MAKES AN OK SHOT, GREAT?

“It is a combination of factors – equipment, lighting, subject but mostly it is about composition – having an instinctive ‘eye’ for how to frame and present the shot in the ‘best light’.

“If we go back to the ‘before and after’ shot again, and use that as an example, you have all this lighting coming in and blowing out the shot and there is no interest, no focus. It is not necessarily about lighting, it is composition. The best and most interesting feature of the room is the view to the tropical garden outside through those great, big v-shaped windows. Therefore, we need to see the image in



AFTER

perspective, and that requires professional lighting and exposure so that we see both the outside and inside.

“Composition is also about getting your perspective or your proportions right. If you shoot downwards, what are you creating? You are not getting your lines right, you are not getting your composition right. If you look at the interior images in magazines, the shots are taken down low so you see the table, the chairs, everything in the room – in proportion.”

WHAT OTHER TECHNIQUES SEPARATE THE PROFESSIONAL FROM THE AMATEUR?

“A professional photographer instinctively knows how to structure and take a shot. This is their occupation and many years are spent honing and refining the craft. It is very similar to how an interior decorator works with colours, patterns and different style.

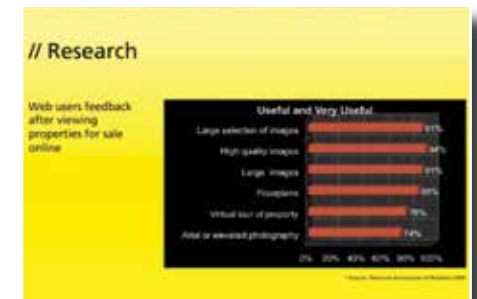
“The amateur photographer may have a top of the range camera, but unless they have the finely honed skills and experience to use it correctly, they are unlikely to be able to produce professional images. You only get on chance to make a first impression, and professional photographers know instinctively how to craft images that demand attention – and that is what you need in real estate.”

HOW IMPORTANT IS IT TO DE-CLUTTER A HOUSE WHEN YOU ARE SHOOTING THE INTERIORS?

“‘Less is more’, as the saying goes. To give you an example, we recently completed a photo shoot in a suburban house and the owner had dolls everywhere! The dolls were beautiful but they were everywhere throughout the house, and because she was a collector, she thought they should be a main part of the shoot. This would have cluttered the shots and detracted from the appeal of the house and it would not be everyone’s ‘cup of tea’ – especially to a younger market (couples and professionals) who were a key target for the home.

“To avoid offending the owner, we strategically placed a doll in a corner, subtly out of the way, so it complemented rather than dominated the shot.

“Keep it simple. Do not place a pile of old magazines on coffee tables or clutter your bathrooms with tons of cosmetics. One or two



new stylish magazines strategically placed, a tasteful ornament or two, throw rugs, cushions – that kind of thing – the little additions and touches that an interior designer might include. Remember, you are endeavouring to appeal to your target market and present your home in its best light, not showcase your own personal taste.”

THEREFORE HIRING A PROFESSIONAL PHOTOGRAPHER IS REALLY AN ‘INVESTMENT’ WHICH AIDS IN ENSURING THE SUCCESSFUL MARKETING AND SALE OF YOUR PROPERTY?

“Absolutely! It is a point we need to get across to the real estate agent as well as the seller. Say your house is on the market for \$500,000 and the agent’s commission is perhaps 3%, which is around \$15,000.

“Visual appeal on the Internet is one of your property’s greatest assets - outstanding photography of your property captures the attention and interest of potential buyers thereby improving your chances of them picking up the phone to your Agent.

“If you are trying to save money by taking photos yourself the end result will often be sub standard images, which could mean that you ultimately miss out on prospects who would otherwise have been interested in viewing and purchasing your property. There is no point in trying to save a few hundred dollars if you are missing out on buyers.

“Instead, regard first class photography of your property as a ‘genuine worthwhile investment’ in the marketing of your home, and not just as an added expense.

“As an additional service we can even list a client’s property on our Open2view site and provide feedback in the form of a regular

'Vendor Report'. When a client lists with us, we send them the following property report that shows how often their property has been viewed. It is just another way to have your property seen and be on a potential buyer's shopping list."

We next turned our attention to the best time to photograph a house:

IS FILMING AT NIGHT OR IN TWILIGHT A MORE INTERESTING WAY TO PRESENT A PROPERTY?

"Photographing a property at night, or in twilight, helps to show the ambience of the property. However, it will only work if the house has a sufficient level of interior and exterior lighting to make the image stand out."

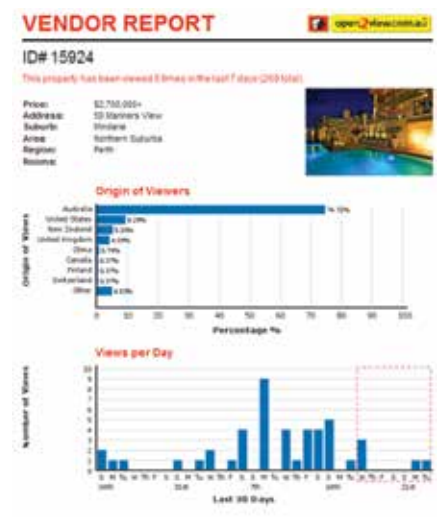
WOULD A BETTER APPROACH BE TO TAKE SHOTS DURING THE DAY AND THEN COME BACK AT NIGHT AND PRESENT A DIFFERENT ASPECT WITH EVENING SHOTS?

"You could do that, but a better approach is to take the inside shots during the day and just do the outside shots (front and back) as 'twilights'.

"Or you can do a complete twilight where you shoot the whole house. If you adopt this approach, you have to move very fast so you make sure you catch the right light. We usually arrive mid-afternoon so we can be clear about the layout of the house before we start shooting.

"However, if a property does not have enough lighting for night or twilight photography, we will film the inside shots during the day and the front and rear outside shots during twilight.

"Depending on the location and time of year, the sun usually goes down around six o'clock, so you would start the main shoot around half



an hour prior to sunset - and finish the whole house by quarter past six because, by that time, the light has vanished. Nevertheless, with digital photography now you can shoot a little longer by lightening the shot in post processing. However, if you can, it is always best to take the shot with enough natural light at the time.

"Another option to consider is a pole shot – the locale and/or potential views can help sell your house by providing a bird's eye view of your immediate environment and setting. This is a specialised skill and takes a little setting up, however the results are spectacular and produce impressive imagery."

Thanks to the team from Open2view, we now are true believers in the saying that

'A picture is worth a thousand words'.



OPEN2VIEW'S TOP TIPS IN HELPING YOU SELL OR MARKET YOUR PROPERTY ONLINE OR IN PRINT.

- The first and major tip is - 'Always use a professional photographer!'

The additional outlay will be repaid many times over in the look and presentation of your property. Here are some pointers to assist in readying your property for photography:

- Open all curtains and blinds and ensure that all exterior doors can be opened.
- Check that all your interior and exterior lights are working, and replace all interior and exterior bulbs that are not functional.
- If you have chosen a night or twilight filming, ensure that your exterior lights are all working.
- De-clutter throughout the house, especially in the kitchen (no dishes on the sink, items stuck on the fridge and left on benchtops) and bathroom (remove shampoo and other cosmetic items).
- The laundry is a good place to store items you do not want included in photographs as this room is rarely photographed.
- If you have a pool, please ensure that the cover is removed and any cleaning equipment is stored out of sight and not left in the pool (for example, the creepy crawly and toys).
- To protect your privacy, remove any personal photographs.

- Freshly cut flowers are always a stylish touch to any property.

If you insist on trying it yourself, here are a few basics that might help improve the presentation of your images:

- Use a high quality digital camera capable of taking high resolution pictures, preferably one with the ability to adjust exposure and change lenses
- Always set your camera to the highest resolution size (i.e. *Large Format* or *Best*)
- Judge the composition and structure of your shot – go wider rather than tighter so that you can crop the picture later
- With interior shots, avoid shooting directly into sunlight, otherwise you risk overexposing the shot and losing detail
- Photograph rooms from different angles but do not shoot downwards – all you get is the top of the image
- Bright colours and contrasting content appeals
- Keep content simple and aim for a focal point of interest as your target. Less is more.

If you are not 100% satisfied that your images are of high quality and showcase your home at its very best, then call for professional photography. It is worth the investment, and remember ... the first impression is the lasting impression!

Renovation

CREATING A NEW AND LASTING IMPRESSION RENEW PERFECTION

RENOVATE versus RELOCATE? When you consider the cost of upgrading your lifestyle by moving from your existing home to another property, it is well worth considering the renovation option. For example, if you sell your \$500,000 property in the outer suburbs and purchase a property for \$700,000 in Como or North Perth, there are some raw costs to consider.

For example:

Agent’s fees for selling outer suburbs property: 3% of \$500,000	\$15,000
Advertising and incidentals:	\$2,350
Settlement fees for two transactions:	\$1,400
Moving costs:	\$800
Stamp duty on the purchase of another home:	\$22,000
Total investment in fees and charges:	\$41,550

That is ‘dead’ money in every sense of the word, and will only make the State Government, your real estate agent, the finance broker and two conveyancers happy. Alternatively, that same money could be gainfully used to pay for a new kitchen in an average home, two bathrooms completely stripped with new plumbing, cabinets and tiles – and perhaps even some new timber flooring for the hallway.

Established by Dean Beament, Renew Perfection is a specialist renovation project management company which has grown and prospered over time - not through advertising or aggressive marketing campaigns, but rather by referrals and word of mouth testimonials. Dean brings to the Renew Perfection suite of services a diverse background as a licensed plumber, and many years of service as a paramedic for St John Ambulance. Caring for people, looking after their interests in good, times as well as traumatic, underpins Dean’s approach to the operation of his company. The unusual combination of technical and business skills, coupled with caring attributes, has led Dean to create an innovative new division within Renew Perfection that has the future of the elderly in mind.

As a result, Renew Retirement is a renovation pioneer that is already addressing the pressing problem of maintaining the care, health and lifestyle of retirees who want to stay at home for as long as possible.

To establish a clear picture of Renew Perfection’s approach to the world of creating new impressions through skilled renovation, we caught up with Dean on site – just before handing over a recently transformed Scarborough apartment to its proud and expectant owners.

We began by asking Dean about the reasons people decided to renovate:

DO SOME PROPERTY OWNERS EMBARK ON THE RENOVATION OPTION TO IMPROVE THE CHANCES OF SELLING THEIR PROPERTY?

“Yes, this does happen, and it is a balancing act of not over capitalising while at the same

time creating an enhanced impression that will assist in making the property easier to sell and increase the sale price. You should always confer with the real estate agent first as they will be in the best position to judge what must be done to motivate buyers, and what can safely be left to the purchasers who will want to place their own individual stamp on the property. You want to have a high quality appearance shining through, one that will give you maximum effect and maximum value for modest cost. A shoddy renovation will be immediately noticed by a buyer and is counterproductive.

“Renovation to sell is certainly part of our market, but it is not the main part. Most of our clients want us to help them improve their lifestyle, and regardless of the reasons behind renovating a property, there are some things that are always constant.

“I was given some great advice years ago by an older gentleman who had been a real estate agent, and he told me that women buy houses. The husband will go in and look for the toilet ... is it big enough to hide in! Men also need to have a shed for the classic reasons, and that it is for the guys! Women will go in and check on colours first and if the colours do not appeal, that is not a deal breaker because it is easy to change colours by employing a professional painter. Women look mainly at the heart of the home, which is the kitchen and we all need to understand that present day living requires an open plan approach where the kitchen and meals area is the focus for the whole family.

“The kitchen is the sociable place where meals are prepared, and thanks to the influence of ‘MasterChef’ and other TV programmes, children now love to be involved in cooking. This open plan area is where homework is done, where the events of the day are discussed and plans are made. While men are cooking more than they used to, the kitchen is really the woman’s domain – and it is the most important room in the home for her. Therefore, the wise renovator places great emphasis on creating a wonderful, embracing kitchen environment where the family can be together and interact.

“The next most important room which women look for is the bathroom ... which is preferably a very private and intimate ensuite. The bathroom is somewhere for the woman of the house to retreat to and experience solitude and perfect peace for a while.

When buying an existing home, most women do not want the toilet that the previous occupants used so we often get calls to remove the old toilet and replace it with a new one.

“From a sales perspective, those two rooms – the kitchen and the parents’ bathroom will often sell the house because you are dealing with a female mentality. This is also reflected in the language the couple may use. The woman might say ‘I love that house and I really love the kitchen, and the bathroom is just perfect.’ The husband is more likely to say ‘Yes, and I like the garden, the workshop, the way the house was shaped and I love the street.’ Men and women look at things very differently!”

IF YOU ARE FACED WITH A COUPLE WHO WANT TO DOWNSIZE AND SELL THEIR HOME, ARE THEY BETTER TO SHOW THE POSSIBILITIES RATHER THAN DO TOO MUCH WORK BECAUSE THE NEW OWNERS WILL PROBABLY CHANGE THINGS ANYWAY?

“This comes down to who the client is, and who their prospect is. If you are an older couple who have been in the house for a long time then the tiles, tapware, vanities and glass are likely to be old fashioned. It is more a question of sprucing the house up for sale, and since first impressions count, a lot can be done

without spending a fortune. It is rather like setting the freshly baked muffins and coffee out when the home is open. In many cases, spruced up paint and subtle changes to tiles, toilet and so on can make a world of difference. It is the little things that can give you the best return on investment, and an experienced renovator is in a good position to offer you a valuable opinion."

WHAT ARE SOME OF THOSE LITTLE THINGS THAT PEOPLE CAN DO TO THEIR HOUSE TO MAKE IT MORE APPEALING?

"We are often asked that question. 'What can we change or improve in this house to make it more appealing?' Firstly, consider the obvious things. Is the garden tidy? Mulch is cheap, easy to apply and you can mulch a garden in half a day and it really adds to the appeal of the house. Make sure the house has been washed, particularly on timber-framed homes and under the eaves where spiders like to gather. A clean, washed house makes a good impression.

"Painting can make a massive difference too and you need to look at outside painted areas first – especially around the eaves. As you walk in, look at the first impressions and clues that prospective purchasers will notice. Does the front door look shabby, and is the paint or varnish peeling off? If so, replace the door, which is inexpensive and easy to do. Select a style that incorporates a panel of glass, and add some traditional 'Gainsborough' hardware. The cost of replacement would be around \$300, however having a handsome front door will make a great first impression which women (and men) will immediately notice.

"As you progress through the house, examine the carpets. You may want to consider talking to a commercial carpet company which may have massive off cuts at very reasonable prices and

you could carpet the rooms that need attention at a fraction of the normal price. In addition, commercial carpets are hard wearing and look great when they are laid.

"Lastly, the kitchen - old dated tiles on the splashback are easy to change – and with new tiles, you have the opportunity to make a big statement at little cost. One strategy is to choose a 600 x 300 mm high gloss white 'rectify' tile. They cost about \$40 a square metre, there is a bit of work in setting them in, but they look fabulous and really help to dress a kitchen well."

TIRED, OLD BENCHTOPS AND CABINETS CAN DETRACT FROM THE OVERALL IMPRESSION. WHAT ARE YOUR THOUGHTS?

"Some clients say to us 'Look, we only want to renovate the kitchen. We do not want to do a huge amount – just replace the doors and benchtops'. The reality is that there is almost as much work and cost in working on an old 'carcass' as in putting in a brand new one, with all plumbing and electrical services integrated. For example, it might cost \$20,000 to replace everything with brand new fittings throughout, whereas the cost to replace just the bench top and doors would come out at \$17,000.

Working on an old carcass is always a nightmare of cracked tiles and wood that has already been drilled and perhaps damaged, so if you want a new look and feel in your kitchen, it is generally best to go a little bit further, invest a little bit more, and have the new kitchen you always wanted!"

IF YOU ARE RENOVATING AN OLDER PROPERTY WITH DATED FLOOR TILES, CAN THEY BE REMOVED BEFORE PUTTING A NEW TIMBER OR TILED FLOOR DOWN – AND WHAT ARE THE PITFALLS?

"This work requires professional expertise, extractor fans to remove the dust and a lot of care. When the tiles are lifted, you need to make sure that kitchen 'kicks' and skirting boards are not damaged because they may be very difficult to replace if the client wants to retain them.

"We often find that concrete slabs are not laid flat, and after scrubbing the concrete clean to remove old glue, it is usually necessary to lay down a skim to even out the dips and bumps.

In some cases, that skim might be 13mm at one point and 40mm at another – but it has to be spot on to achieve an aesthetically pleasing finish."

DO YOU ADOPT A CONSULTING ROLE WHEN A CLIENT WANTS TO IMPROVE THEIR LIFESTYLE BY RENOVATING THEIR HOME?

"Yes, if clients are serious about staying in their property, then we need to look at the project through different eyes and, we listen intently to what people say they want. There is certainly a consulting element in providing an outstanding renovation service and it is often a question of managing expectations and marrying client's wishes to the realistic construction of the renovation. Sometimes what people want is not realistic and it involves knocking down load bearing walls that would cost a fortune, so the options need to be presented with both recommendations and costings.

"Every project should be backed by a written quote that the client signs, before work commences. It means that if a client changes their mind mid way through (and that often happens!) then variations are covered and everyone is on the same page."

ARE YOU EVER ASKED TO RENOVATE RENTAL PROPERTIES, AND IF SO, DOES THAT CHANGE THE GAME PLAN?

"With rare exceptions, tenants are far less caring about how they treat properties, and so we recommend more durable finishes, and fittings that cope better with more wear and tear. Toilets, shower screens and other fittings need to be more robust, and we choose high gloss tiles, which always look stylish in both bathrooms and kitchens.

"Where carpets need to be replaced, we would generally recommend commercial carpet off

cuts which look attractive, wear well, and can be purchased at a massive discount instead of paying retail price for domestic carpet."

FOR THOSE HARDY SOULS WHO LIKE TO TAKE ON THEIR OWN DIY TASKS, IS IT PRACTICAL TO PROJECT MANAGE YOUR OWN RENOVATIONS AND SUB OUT TASKS TO CARPENTERS AND TILERS? OR ARE YOU ASKING FOR TROUBLE BY NOT PLACING IT ALL IN THE HANDS OF A PROFESSIONAL?

"You could get lucky, particularly in a bathroom where there are nine tradesmen involved. This is why we have a business, and the whole crux of it is that we give regular work to vetted trades that have a strong quality ethos. After years of experience we have gathered a team of reliable, skilled tradesmen who like to be paid quickly on the basis of regular, recurring work.

"So, in the case of the enthusiastic amateur, you will need a rip out team, bin contractor for rubbish removal, plumber, electrician, waterproofing, screeding, tiling, cornices, cabinetry and, at some point in that process, one trade won't talk to another one, and there will be problems if you get the sequence of trades wrong. For example, if you bring the brickie in first and the bathroom isn't ripped out yet he'll get upset and leave in a huff. So you get the tiles and cabinets ripped out, bring the tiler in, and you discover that there is no power in the walls and the plumbing has not been pre-prepared.

"Somewhere along the line DIY people come unstuck – unless they have a handle on all the trades themselves. First rate tradespeople expect to be able to complete their job immediately, otherwise you can forget about seeing them for another two weeks. The opportunities for project management disaster

are too numerous to mention – which is why we specialise in forward planning, working through the critical path issues and managing all the processes in a calm and ordered way.”

IS YOUR APPROACH TO PROJECT MANAGEMENT A BLEND OF KNOWLEDGE AND EXPERIENCE?

“The majority is expertise, and the minority is massaging trades. We usually start a new project every Monday, and it is always a process of managing client expectations, massaging trades and managing finances. Underpinning the whole business, though, is ‘trust’ – clients trust us to deliver the renovation they expect on time and on budget. Tradespeople trust us to pay quickly and provide continuous work, and suppliers trust us to pay for products and services in a timely way.”

“All our clients become friends and since we do not advertise, we rely heavily on word of mouth and referrals. A month or two after the completion of each job we call our clients, ask if there are any issues that need to be rectified. That instils confidence and frequently leads to additional work.”

WHAT TIPS WOULD YOU GIVE TO ANYONE INTENDING TO PURCHASE OR RENOVATE A PROPERTY AS EITHER A SIDELINE, OR A MEANS OF INCREASING WEALTH?

“You must be very careful and carry out thorough due diligence. You need to incorporate stamp duty, holding costs, real estate agent fees as well as the expense of the renovation itself. You need to build in a massive margin over and above your purchase price – anything up to 30%. If the market will not bear that additional cost, you could be over capitalising and facing a substantial loss. In contrast to that, if you are the owner and live

in the property, you avoid capital gains tax and that can be the difference between making a profit and suffering a very cold bath.”

ARE YOU ABLE TO CREATE ‘PERIOD’ HOME RESTORATIONS, WHERE YOU ARE MATCHING OR COMING CLOSE TO THE ORIGINAL HERITAGE STYLE?

“Yes very much so ... especially Federation. A word of warning though. Older and heritage buildings with original plumbing will invariably have galvanised pipe (lining) underneath the ground. Try not to spend money on a bathroom renovation if you are going to leave the galvanised steel lines underground because they are like an artery ... they corrode internally and eventually block up. You will need to replace such pipes with PVC otherwise drains and pipes can cause a major headache and massive costs later on.”

ARE RENOVATION COMPANIES SENSITIVE TO THE NEEDS OF THE ELDERLY WHO NEED IMPROVED ACCESS, SLOPED RAMPS INSTEAD OF STEPS, WIDER DOORWAYS AND BATHROOMS THAT PROVIDE GREATER SAFETY AND COMFORT?

“This is an excellent point, and it is one that we considered in depth some time ago. As a result, we have established Renew Retirement, a separate division of the company that specialises in renovating properties so that elderly people to stay in their own homes for a much longer time.

“We provide universal access, open plan designs, wider spaces to allow wheelchairs to be moved with freedom, and bathrooms with walk-in baths or showers which allow people to sit down in safety.

“These renovations allow people and their carers to live, visit and provide essential services in comfort that was not previously available. The reality is that there will not be enough care homes in Western Australia in the coming years. In conjunction with HITH (Hospital in the Home) caring at home is the future for those who want to live in their familiar home environment for as long as possible.”



DEAN'S TOP TIPS WHEN CONSIDERING A RENOVATION PROJECT

- When considering renovating be careful not to over-capitalise on your project. Research market values in your area, look at what you plan to spend and weigh up whether or not there is a good enough return on your effort and investment.
- More often it is women who will make the ‘buying’ decision. Pay particular attention to areas that appeal – kitchens and parents’ ensuite bathrooms.
- Pay attention to the obvious ‘little things’ such as a coat of paint or varnish on a peeling or cracked front door. Mulch the garden to improve and tidy appearance, give the house exterior a thorough wash, especially under the eaves where spider webs and mould collect.
- Cosmetic changes to old kitchens (benchtops, doors etc) can cost almost as much as a complete refit. Cost and compare before making a decision.
- When renovating rental properties, look to use more durable, hard-wearing alternatives in the toilet, bathroom and kitchen areas. Consider using commercial remnants or off cuts to carpet floor areas.
- DIY projects tend to come unstuck due to lack of proper planning and project management plus an understanding of how ‘tradesmen’ work and operate. Unless you have a handle on the trades, the smart option is to use a professional
- When plumbing in heritage buildings, replace the original galvanised plumbing with PVC to avoid problems in future years with corrosion.

“...be very careful and carry out thorough due diligence. You need to incorporate stamp duty, holding costs, real estate agent fees as well as the expense of the renovation itself.”

House Painting



PROFESSIONAL KNOWLEDGE AND EXPERIENCE LEADS TO A GREAT FINISH

AWA PAINTERS

Any householder or DIY exponent worth their salt thinks that painting the house is a breeze. It is the one thing they can definitely do themselves ... just go down to the local hardware store, select the colours, purchase paint from a reliable manufacturer, get some brushes, white spirit and old sheets together to catch the drips and the eager DIYer is well on their way to a professional result. Right?

Wrong! Well, unless you have experience and training, it is, an emphatic 'No. Do not even think about it!' Nothing separates the efforts of an enthusiastic amateur from the work of a seasoned professional more than painting a house inside and out. Nothing spoils the overall effect more than amateur time with the paint brush ... and if you are looking to make a great impression with a view to selling your home for the maximum possible, then nothing is more likely to frustrate your ambitions than to quickly slap on some coats of paint and hope for the best.

Painting is like selling. It is the easiest thing in the world to do badly ... and the hardest thing in the world to do well, and yet that is not how most of the population think about the noble art of professional house painting. Anthony Ahpene is one of that select registered band of professionals who paints for a living, responds to the urgent needs of real estate property management departments, and takes on projects where quality finishes are expected and required as a matter of course.

When we sat down to speak to Anthony about the craft of professional painting, we visited



him in a home which he and his team had prepared and painted – so the results of his labours were there to inspect, right before our very eyes.

WHAT SHOULD A HOMEOWNER OR RENOVATOR LOOK FOR WHEN CHOOSING A GENUINELY PROFESSIONAL PAINTER?

"You need to make sure that the work will be carried out by a registered painter. Every painter that does work valued at \$200 or more on a property must be registered – and you should ask to see their registration card before they start. For example, if you have been quoted \$1,500 for a job and it turns out that the painter is not registered, then they are only allowed to charge you \$200.

"A registered painter who has been properly trained, has served an apprenticeship in most cases, and has passed examinations and practical tests to prove their competency. Registration means that the painter is committed to his or her profession, takes it seriously, and is committed to meeting excellent standards every time. Registration gives members of the public the comfort of knowing that their project will be carried out by a qualified practitioner, and that if something goes wrong, and the work is not satisfactory, then the Industry Body will intervene and arbitrate if necessary."

HOW MANY YEARS HAVE YOU BEEN IN BUSINESS AS A REGISTERED PAINTER?

"I have 19 years of experience as a registered painter, and prior to that I served a four year apprenticeship. AWA Painters was established in 2007 and we have built a small team of professional painters who are trustworthy,

reliable and skilled. The bulk of our work is real estate repaints, bringing rental properties up to standard for property managers, and insurance work. While we do paint new homes from time to time, more often than not we are dealing with existing home owners or tenants in rental situations. As a result, we are interacting with clients all the time, and dealing people who have different needs, so we need good people and communication skills as well. A successful painter has to be flexible and always put clients first – so it is not just about a great finish on the walls or around the skirting boards!

IN REAL ESTATE THE CATCHPHRASE IS 'LOCATION! LOCATION! LOCATION! IS YOURS 'PREPARATION! PREPARATION! PREPARATION?'

"Definitely! The key to success and to achieving that perfect result is proper preparation before you start painting. In most instances, when we are repainting a house, we do not pick up a paint can and brush until well into Day Two.

"Preparation varies according to the surface you are working with. If you are repainting a weathered, peeling window frame, a lot of sanding is required, some filling and then re-puttying the windows. We would then generally use a sealer undercoat such as PSU which is a brilliant product – and it does not scratch off. Wood primer only acts as a first coat and would be used for new windows because it has the ability to penetrate the surface.

"It is then necessary to sand down very lightly in between the coats. These days with window frames, many people like enamel which is oil based, or water-based acrylics. If it is a re-paint, the steps are usually thorough sanding, PSU preparation, undercoat and then one coat of gloss enamel over the top. If the original is a dark colour, and we are going back to white, you are going to need more coats which adds greater cost because you need more coverage.

"When it comes to final coats, some people like the semi gloss sheen of a satin finish, while others like full gloss – especially on door frames. We never put a matt finish on doors and frames."



I UNDERSTAND THAT CEILINGS CAN BE A BIT OF A NIGHTMARE FOR THE UNWARY!

"They certainly can be, and it all comes down to the original preparation and the way the ceilings were painted in the first place. Most of the ceilings in older houses were done with plaster glass – which has, as the name suggests, a glassy finish. If a painter only applies two or three coats of ceiling white it will not penetrate the surface – and that is why you need purpose-made sealers without which the paint just bubbles later on.

"The issue for repaint is that if you try and paint over a ceiling surface that was never, through ignorance, prepared properly in the first place, you are likely to get bubbling over time with your new coats, even if they are polyvinyl. You can scrape down to your heart's content, but if you are working with a water-based paint, the chances are that bubbling will re-occur.

"Every product has to have a proper sealer to prepare the surface, and if this is not done correctly the first time around, you are likely to have problems later on – which is why amateur painters often come unstuck with ceilings, and professionals are very cautious about quoting ceiling jobs."

DO YOU NEED TO USE A DIFFERENT STRATEGY WHEN PAINTING EVES, BARGEBOARDS AND SO ON OUTSIDE?

"We usually use polyvinyl flat paint for exterior surfaces because it resists water damage and just needs a touch up from time to time. Acrylic low sheen looks good when it first goes on, but if there is water penetration later on, the paint holds moisture and tends to bubble.

WHAT ABOUT METAL AND LARGE SURFACES SUCH AS GARAGE DOORS?

"Metal has to be sanded down, cleaned and prepared. If there is rust, we use a liquid product called Rust Kill which neutralises the rust and stops it from coming back. Once the preparation is complete, the best way is to mark the doors up, use masking tape where we need to and spray them. Paint takes seven to 10 days to cure properly, so it's important to wait before putting the second coat on."

CLEARLY PRODUCT KNOWLEDGE IS VERY IMPORTANT?

"Yes definitely – not just about how paint products perform, but how to apply them in each situation. With exterior doors, you need to remember that there are six sides ... and the sides that often get missed are under the door and right at the top of the door. These surfaces are easily damaged by water, which is why you often see doors swelling and peeling.

"Similarly, in the case of a house with wooden windows, people often use varnish, but varnish has no pigment to resist sun damage, water damage and cracking. We use Sikens which contains pigment and is specifically designed to protect wooden doors, windows and exterior shutters.

HOW DO YOU CHOOSE WHICH PAINTS TO USE? DO SOME PERFORM BETTER THAN OTHERS?

"With exteriors, it comes down to the surface that you are applying paint to. If I am working on a rented house, I am not going to use expensive gloss enamel. I am going to use an acrylic exterior low sheen because it has exceptional UV protection. However, paints with a sheen finish do tend to pick up marks more, so to avoid that we might use a matt paint outside such as Duraguard Matt exterior which will handle damage better and is easier to keep clean."



"Internal doors and frames should generally be coated with gloss enamel which is easy to clean – and matt paints should be kept for walls."

ARE FEATURE WALLS STILL POPULAR?

"Feature walls are on the way out it seems, but when people do want a feature wall, I recommend that they choose a wall that will not be easily knocked or damaged by being near to a TV or a sliding door. Instead of painted feature walls, the use of wallpaper is coming back and when that is a requirement, we bring in a colleague who specialises in that form of decoration."

WHAT DO YOU DO WHEN WALLS ARE NOT STRAIGHT UP AND DOWN AND YOU NEED AN ACCURATE EDGE?

"You can only work with what you have, and you can only do what you can do. Sometimes, it is possible to work in to make your own line, but the only real option to an exceptionally bad join is to have it re-plastered, but that is costly and time consuming. Feature walls are not recommended when walls and joins are out of plumb because you will just be drawing attention to the issue. If you are just using a light colour, you can get away with much more ... and perhaps trick the eye with clever use of furnishings and curtains."

HOW MANY COATS ARE REQUIRED FOR EACH TYPE OF JOB?

"With repainting, when you are changing from one colour to an entirely different one, you will need a minimum of two coats. If I have had to go through a house and patch a lot of surface damage with plaster, that surface will perform differently to the other. It will require an additional undercoat otherwise it will not look solid.



"Washable paint will usually be low sheen, or washable flat. If you keep wiping walls using this type of paint they will end up looking shiny.

I have been into houses where they have cleaned some of the surfaces, and it is very obvious because some parts are shinier than others!

"For ceilings and wet areas I usually put on an acrylic semi gloss with an anti fungal component to combat mould. With this finish in a steamy bathroom you can clean the ceiling, whereas if flat paint has been used you cannot clean it. Bathroom paint is usually anti fungal, and it will say so on the tin."

WHEN YOU ARE PAINTING EXTERIOR SURFACES, HOW DO YOU COPE WITH COLD DAMP WEATHER IN WINTER AND HOT WEATHER IN SUMMER? IS TIMING AN ISSUE?

"Drying time in winter is difficult because you may not get outside until 11 o'clock in the morning, and then you have only two or three hours before it gets cold. Cold reacts with different paints as well. When I am working with an enamel on fascia and gutters, I will aim to finish about three o'clock in the afternoon. If I leave it any later, they may have become 'flat' in the morning as a result of cold weather overnight. It means that on most winter days, you only have a three or four hour time window to work with.

"Similarly, in those long hot summer days when it is searing heat not long after breakfast, you have to make a very early start to apply the paint otherwise you are going to make a mess of it. You have to use your head, know precisely how each paint performs in the conditions, and work to those conditions."

ON AVERAGE, HOW LONG DOES THE INSIDE REPAINTING OF A 4 X 2 HOUSE TAKE?

"For the internals of a four bedroom, two bathroom house that needs a lot of remedial attention, you should allow up to a full week for three painters – and this would include a full day of preparation. We need the homeowner to be out of the house whilst we are painting as it speeds up the job and in any case, usually



people do not like the smell of paint. I always think it makes things so much easier because you can put furniture in the middle and put a drop sheet over everything to protect it.

"If people insist on staying in the house, it will take longer and it will end up costing more. Some people say 'Can you do it room by room?' It would take much longer, and not be financially viable for either party."

WHY SHOULD HOUSEHOLDERS BITE THE BULLET AND EMPLOY THE SERVICES OF A PROFESSIONAL PAINTER WHEN THEY ARE REDECORATING OR RENOVATING THEIR HOME?

"These days, everything is measured by cost. Everyone thinks they can paint, but when you go to a house where the homeowner has done the painting and you see paint splattered on the windows, doors, frames and light fittings which have not been cut around you have got to question the wisdom ... especially if they are trying to make a sale.

"Buyers will just think that they will have to fix up the paint job and they will factor that into their offer. They will think 'They have tried to do this on the cheap', and it really does make a difference when first impressions are so important.

"If the paint job is a disaster, maybe they will start to question other aspects of the home's presentation, and wonder if corners have been cut elsewhere.

If you can afford it, why not use a professional painter and enjoy the peace of mind that comes with professional work, and a presentation that is 'out of this world.'"



ANTHONY'S TOP TEN TIPS

- Insist on thorough preparation
- Always paint top and bottom of the outside doors
- Use good quality undercoat paint and sand lightly in between coats
- Consider the benefits of a professional painter and accept their advice - because they know better
- There are so many things to consider before painting either the interior or exterior of your house. It is important to know what type of paint you should use for individual rooms and each area of your house. For instance the paint you use on

your living room is going to be a different from what you would use in your bedroom, and for your bathroom you would use anti fungal paint

- You do not want paint all over your flooring, so use drop sheets. You should cover your light switches with masking tape to avoid splattering paint on them
- Make sure that you are dealing with registered painter, and always ask to see their registration card
- Ask to see the painter's public liability certificate in case there is accidental damage to some of your property inside or outside the house

“Painting is like selling. It is the easiest thing in the world to do badly ... and the hardest thing in the world to do well...”

Landscaping Design & Garden Care



TRANSFORMING CREATIVE DESIGN INTO LANDSCAPING REALITY

SHARDLOW'S COMPLETE GARDEN CARE WITH SUMEI CREATIVE

Just as a classic garden is a perfect combination of vision, imagination, design, hard work and skill on the ground, so the cooperation between

Kym Shardlow and Sumei Chew leads to eye-catching landscaping approaches on large as well as small-scale projects. From major work for St. John of God Murdoch Hospital and Mazenod College on the one hand, to rapidly expanding suburban assignments on the other, Shardlow's work is renowned for balancing intuitive flair with bold and distinctive garden design and implementation.

Most of their work is larger scale domestic and commercial projects, however as a team, Kym and Sumei always come back to what he terms as the 'one percent difference'. For Sumei who runs Sumei Creative, it is about pushing the design envelope to reach out for the stars thereby striving for the very best design solution for the client. For Kym the landscaper, it is about being aware of the little things that need to be done to complete any job above and beyond client expectations and these little things are what sets Shardlow's Complete Garden Care apart from other gardening contractors. "It lets people know we are very particular about the work we do, and tends to leave a lasting impression of excellence."

With a background in farming, and an exhaustive knowledge of fertilisers, chemicals and plant nutrient requirements, Kym Shardlow initially operated a lawn mowing business which morphed into Shardlow's Complete Garden Care in 2009. His grounded approach to business, and his equally grounded views on attention to detail and customer service ensure that Shardlow's has become a respected

and sought after contractor in a crowded and competitive marketplace.

In addition to Andrina Shardlow who handles administration, Shardlow's runs a team of enthusiastic, energetic and polite young men, including their sons Dane and Riley, who install new landscaping and maintain the gardens with efficiency and attention to detail. All landscaping installations are overseen by Kym, and of course, the other important half of the process, Sumei from Sumei Creative, who is the Designer who creates these unique designs for the landscapes. Together, Shardlow's and Sumei Creative transform ideas into reality.

Sumei lives and breathes designing, creativity and art, and she has also practised as an interior and landscape designer overseas in the highly competitive California, Dubai and Singapore property market.

"I structure a garden so that it is visually stunning, practical to maintain and simple to reticulate. At the same time, from the designer's point of view, I hold a vision for the complete garden in my mind to create a strong visual impact which can work regardless of season. The best part of being associated with Shardlow's Complete Garden Care is that we can now take it from concept to reality in a seamless manner which is a great advantage because you generally do not find a landscape designer working so closely with the landscaper on a project from beginning to end. Through Shardlow's we offer ongoing maintenance, so our clients have the means to maintain the design throughout the year.





We take on large and small projects, and regardless of the size of the assignment, we bring the same commitment, care and attention to detail to each task because we are both passionate about what we do, and committed to providing the clients with their desired outdoor objective."

HOW IMPORTANT IS IT TO ENGAGE A LANDSCAPE DESIGNER TO SKETCH OUT THE BIG PICTURE BEFORE TAKING THE PLUNGE AND STARTING ON A GARDEN PROJECT?

Sumei: "It is crucial for the client and the landscaping team to be on the same page. From the first conversation on the phone to establish what may need to be done, to a site meeting when we assess and scope out the possibilities, clear communication and understanding is essential. Once we have an outline plan, then we have to develop the important focal points and features of the design concept. Every garden is different – from being practical and easy care to others created as sanctuaries for rest and relaxation.

"Every garden is unique and poses different challenges. It depends on the 'why' behind each project.

Sometimes a garden is renovated because the owners want to sell the property or they are ready for a change of style, so we are working on a makeover. Naturally new owners want to stamp their own individuality on the garden and that calls for change in a different sense. Whatever the project, I look at how the garden relates to the architectural lines of the building. That way we can actually see whether the existing landscaping enhances and frames the building and vice versa, so we create this visual conversation between the building and the

landscape that surrounds it. The house and the garden would then complement each other.

"Secondly, we need to consider the site. Is it on a slope or on flat ground? What are all the natural attributes of the block? How can we exploit and present it to its best? How do we ensure that the first impression is impressive?

"Finally, we need to understand the day to day needs of the occupants. How do they use, or plan to use, this landscape? Is it actually for children, or for pets, or is it a garden for a working couple with no children who just want to relax and enjoy the space? If they are retirees, would they enjoy having rare plants and exotic flowers?

Each and every garden has the potential to be so many things for different people, and that is why this work is so fascinating.

Kym: "Sumei's design work flows through what we do, and definitely provides the 'WOW' factor that amazes people. Her artistic flair is remarkable, and she complements that with an extensive understanding of plants and lighting. While my strength is plants, trees and shrubs that are native to Australia, Sumei offers her experience in the dry, arid heat of California together with many years of working with exotic plants and landscapes in Singapore and Asia. This depth of expertise is important for many of our clients, and enables us to create and provide solutions across the board. It really makes a significant difference."

WHAT IS THE USUAL PROCESS OF ENGAGING WITH THE CLIENT?

Sumei: "When I engage with clients I need to understand the people, what motivates them and what they really want. What will make them feel that this garden really is a positive



and even transformative experience in their life? You are listening for everything they tell you so that you can give them a garden that suits their personalities, and is customised to them.

"If the client wants to sell the property, we need to see how we can maximise the visual impact for the greatest return with minimal cost. As a designer I need to establish what this site can present, and maximise its potential."

Because Sumei and Kym have worked closely through this process, the implementation of the design is cohesive and seamless.

WHAT IRRITATES CLIENTS MOST WHEN THEY TALK TO YOU ABOUT RE-ENGINEERING THEIR GARDEN?

"Usually it is about creating an easy care low maintenance garden as they do not know how to manage their garden and plants are not surviving. It often comes down to poor plant selection and clients not knowing what to plant and where ... or how to create that micro climate that allows plants to survive independently on their own. People are often unaware about what sort of plants should be in which locations for sun and shade, and when we start work on a garden, it is not unusual for us to transplant many existing plants into more suitable locations."

A GARDEN HELPS TO SELL A PROPERTY. WHAT CAN PEOPLE DO TO ACHIEVE THE MAXIMUM EFFECT IF THEIR BUDGET IS LIMITED?

"The first step with a limited budget is to appraise the property for the following details:



make sure the garden beds are weed free, and mulched, preferably with a good quality mulch. All paved areas should be clean, exterior free of cobwebs, garden beds cleared of leaf litter, and shrubs trimmed.

"We can suggest strategic planting of 'high impact' plants as features, or screening plants to cover less desirable areas, or perhaps a small water feature. It all comes back to the client's budget, size and current condition of the garden. Maybe it just needs a good clean up consisting of pruning, hedging, mulching, fertilising and a couple of extra features such as potted colour at the front entrance.

"If the budget allows, we can do more of a makeover which might consist of augmenting existing plants with more lush and suitable ones, changing pathways, revitalising lawn areas and adding other features to create the desired effect whilst minimising expense."

ON AVERAGE, HOW OFTEN WOULD YOU NEED TO RETURN AND MAINTAIN A GARDEN ONCE YOU HAVE BROUGHT IT 'UP TO STANDARD'?

Kym: "It depends on the season and plant type, but assuming spring and summer months, a cottage style garden will require a monthly visit whereas a typical Australian style garden with a water wise approach would only need quarterly treatment. You can achieve a lot with two team members in half a day. It also depends on the age of the garden – as the garden matures, there's more pruning and maintenance of established plants."

HOW DO YOU PRESENT YOUR IDEAS AND DESIGNS TO A CLIENT?

Sumei: "On a personal level, I find that computer-generated imaging tools tend to limit my creativity and artistic flair. As an artist and

designer, I prefer to create the sketches by hand. I hand draft 3D perspectives which are similar to computer renderings, and I believe this makes it easier for people to visualise their garden. I also find that people become far more emotionally involved when I present a handcrafted drawing, and they become engaged at a different level. At the end of the project, some clients have decided to frame up the drawing to remind them of the journey!"

WHAT CONSIDERATION DO YOU GIVE TO DRIVEWAYS AND PATHS AROUND A PROPERTY?

Kym: "There are lots of different ways you can tackle pathways and driveways. For instance, in public or large scale commercial projects, you need to have clear line of sight along a path so that people can feel confident at night by seeing the entire path. Bushes and large shrubs should be kept away from the edge of the path. If the path is in your backyard, you might like to have nooks and crannies that take you around the corner and show you an entirely different aspect of the garden as a surprise.

"When it comes to presentation, the front of a property (and the front door especially) can look rather stark and uninteresting.

We use plants for texture and vibrancy of colour to add impact and draw the eye, other varieties to soften harsh lines and small shrubs in pots to frame a doorway to provide colour as well as interest.

We aim to soften the landscape leading up to the front door, and create interest with beautifully laid brick paving or well executed steps if the levels allow it.



"We should mention trees here. As an Australian, I particularly like the Australian gums, but I am very wary of these trees around houses, sheds and children's play areas because in times of drought gums often need to drop limbs in order to survive. They are fine in wide open spaces, but European trees are far more suited to areas close to the home. They will usually drop leaves which can be a nuisance, but they are a much safer option.

"Other trees pose a hazard to foundations. These include Moreton Bay fig and Ficus trees which are extremely aggressive, fast growing and potentially very destructive. When you see pavement and paving stones pushed up and disturbed, these trees are often responsible. Ficus can make good indoor pot plants though, so it is just a matter of knowing your plants and working out how best to work with them!"

WHAT ARE YOUR THOUGHTS ON DECIDUOUS TREES?

Sumei: "I love the colours of deciduous trees when they are dropping all their leaves in Autumn, but some gardens need shade all year round, so there is a requirement for non deciduous trees as well. If you have enough land you can actually have two different layers of trees ... some bringing colour and light while non deciduous trees are used to provide permanent shade in certain corners of the garden for micro climate and as visual anchors for the garden. I like to achieve balance, and mix my trees and plants to achieve whatever function we require."

PEOPLE ARE BECOMING MORE ENVIRONMENTALLY CONSCIOUS ON THE WHOLE. WHAT IS YOUR ADVICE AS GARDEN DESIGNERS AND LANDSCAPERS TO HELP INDIVIDUAL FAMILIES REDUCE THEIR CARBON FOOTPRINT?



"We could write a whole book on this topic alone, but here are some thoughts to consider:

- Investigate the possibility of using 'grey' water which can be processed and used on vegetable beds and other areas of the garden. You will need over 50 square metres of vegetable patch or water wise garden area to reticulate as grey water cannot be stored. Professional advice from your landscaper and plumber will be required.
- If you have windows that require shade in summer and the warmth of sunshine in winter, use deciduous trees which provide the perfect solution around the year. Use the fallen leaves as part of your garden mulch.
- Water features are becoming less popular as the population becomes more aware of the need to protect this precious resource. However, water provides interest and the sound of a tinkling fountain is calming. If the location of the feature is well chosen, it can provide a cooling effect at the end of long summer days.
- Whenever possible, choose water wise and native plants which can survive with very little reticulation.
- Harvest water as best you can with rainwater tanks to supplement your reticulation system. A variety of tanks is now available, with some rectangular versions able to stretch discreetly along walls. Before you make a choice, talk to your landscaper about the options – and work with a plumber in finding ways to use your gutters to harvest water and store it effectively.

Adapt your reticulation system to the type of plants in your garden. If you have a 'rainforest' scene, use a sprinkler system that creates a mist. With arid areas, a dripper system will be far more effective. Be aware that too much water is just as destructive as too little water – so achieving a balance is essential. The job of your landscaper is to help you achieve this natural balance in your garden, and reticulation should be a well planned part of the overall design.

- Use mulch around plants, shrubs and garden beds to retain moisture.
- Grass will always be popular. It is cooling in summer, and provides an ideal space for children and pets to enjoy. While its care will require reticulation and the use of a lot of water in the summer months, a well-tended lawn in the front of your property enhances the street appeal of a property as well as adding interest and value. While artificial grass is appearing more often in gardens, a lot of energy is required to manufacture the product and it becomes unbearably hot in summer. As a surface for play and relaxation, it has distinct limitations. When it comes to retirees with small courtyard properties shaded by non deciduous plants, artificial grass can work quite well and is a viable alternative to paving.
- Minimalist or Japanese gardens can be very effective. By using gravel, paving, interesting features and relatively small plants, maintenance is low and such gardens can be visually appealing.





IN CLOSING, WHAT DO YOU FIND AMAZING ABOUT THE WORK THAT YOU DO, AND THE ROLE OF THE GARDEN IN OUR LIFE AT HOME?

“For us, the amazing thing about a garden is the potential health benefits, because once you create a beautiful garden, people are drawn to it and want to spend time outside enjoying the space that you have created. This means walking around, breathing in fresh air, and de-stressing.

“A garden is a place and a space where we can relax and reflect back on what is truly happening in our busy lives. In addition, a great garden attracts all kinds of wildlife; it provides a habitat for our birds, native bandicoots, lizards, frogs, little animals and insects, and especially bees that are needed to pollinate the natural foods we eat. By doing our little bit to preserve Mother Nature, we make sure that the natural habitat does not disintegrate to a place from which there is no return.”

“A garden is a place and a space where we can relax and reflect...”



KYM AND SUMEI'S OTHER LANDSCAPING & GARDEN CARE TIPS

- Work out what you really like by studying other gardens, reading garden magazines and books. Take pictures of features or elements that appeal to you and share them with your landscaper.
- Get the reticulation right and have it controlled by a timer or home automation system. Ensure that the reticulation is appropriate for each element of the garden.
- Set aside a realistic budget and work with your designer on an overall design plan which can be implemented, if necessary, over a period of time if you plan to stay in the property.
- Find a garden designer and landscaper who are genuinely passionate about what they do, and keen to work with you to achieve your goals for a dream garden.
- Use mulch to retain moisture around root systems
- Be patient, and work with Nature ... not against her.

Carpet Cleaning



HOT WATER EXTRACTION WINS THE DAY! STAIN BUSTERS CARPET CLEANING

Anyone with a station wagon, the money to hire an already overused carpet cleaning machine and some shampoo and chemicals from the local hardware shop can have a go at cleaning their own carpets. It will take hours and most of the time it leads to frustration. Will they be happy and satisfied with the job they do themselves?

Probably not.

Anyone with a van, some carpet cleaning hardware, chemicals, a mobile phone, some kind of advertising presence locally and online – together with a bit of working capital – can start a carpet cleaning business and start to pitch for business – and win it from time to time. In fact, the directories of Australia and local newspapers are full of such businesses, run by hard working people with the best of intentions. Will their customers be happy and delighted and come back for more year after year after year? It's possible, and it may well happen – but it may also be the exception to the rule.

The fact is that effective, genuinely professional carpet cleaning is based on research, science, expertise and a high level of equally professional training. There is a lot more to carpet cleaning than meets the eye, although the eye can be deceived by a superficial cleaning effort.

Terry Gale is the Western Australian master franchisor for Stain Busters – a long standing, franchise started initially by Patrick Sweeney as a single van business with proprietary chemicals developed and refined exclusively for Stain Busters by an industrial chemist. Patrick's original vision was to create a

company of unsurpassed quality, and develop (in-house) products that really do work in the area that bothers people most ... stain management and removal. As a result, Stain Busters occupies an enviable leading position in the Eastern States marketplace, and the people and property managers of Western Australia are quickly becoming accustomed to the Stain Busters carpet cleaning products and services that really do stand out from the crowd.

Terry is as passionate about this business as the Head Office support team, and his enthusiasm is infectious. In a quiet moment, in between an exit clean assignment for a major real estate agency and a call to deal with carpets affected by flood damage, we asked Terry to spill the beans on leading edge carpet cleaning.

HOW LONG HAVE YOU BEEN INVOLVED IN THIS INDUSTRY? AND, WHAT DREW YOU TO THE STAIN BUSTERS BUSINESS?

“I have been involved in carpet cleaning for around 12 years as part of a fairly well known property services business. I had heard of Stain Busters a while ago, and happened to look at a franchise magazine that featured the business and the management team of John McEwan and David Pennell. I loved what I saw, made an appointment, jumped on a flight to Canberra, and looked at the Stain Busters business in detail. As a result, I took on the West Australian Master Franchise over 12 months ago and have not looked back since.

“What really appealed to me was the ethics of the business, the quality of the people leading it and the proprietary products and systems that they had developed. Their speciality is stain removal, and no one else has access to



the specially formulated products that we use today.”

WHAT IS THE TECHNOLOGY USED? IS IT BASED ON STEAM CLEANING?

“The method is commonly known as ‘steam cleaning’, but the correct terminology is ‘hot water extraction’. There are three common methods used today ... dry cleaning, encapsulation and hot water extraction. People are often concerned about too many chemicals being used in their home, and encapsulation, which also relies on chemicals to capture the dirt into little crystals, has the advantage of rapid drying, but the crystals need to be vacuumed with an industrial machine the next day, otherwise the encapsulated dirt remains in the carpet. In practice, the second visit generally does not happen and in those circumstances, the cleaning job may be compromised. Chemicals left behind after any form of carpet cleaning are like a magnet for dirt.

“Hot water extraction is by far the best method. We pre-vacuum the carpet with a heavy duty vacuum cleaner. This removes all the loose particles out of the carpet, and the job of the shampoo is to dissolve whatever is attached to the fibres. Hot water is applied under pressure to clean and rinse all the chemicals and the dirt out of the carpet and deposit it into a recovery tank. The main advantage of this method is that specialty stain removers can be used to prepare for the clean, and more stains can be removed as a result. Unlike encapsulation, this is not just a surface clean.

“A skilled operator is required because all the specialty chemicals must be rinsed out of the carpets after they have done their job and the carpet must not be allowed to get too wet. The operator needs to understand the pressure

to vacuum ratios and the type of carpet he is dealing with. Untrained operators can make mistakes in this area, which is why it pays to deal with a reputable firm that values training and supports each franchisee effectively.”

HOW LONG DO CARPETS USUALLY TAKE TO DRY?

“A correctly cleaned carpet using water extraction will be dry anywhere from four to six hours. If it takes much longer than that, the carpet has been unnecessarily soaked.”

DO THE CARPETS NEED TO BE SCRUBBED USING A BRUSH SYSTEM?

“Not usually, but in the case of heavily soiled carpets with extreme stains, I do use a machine to agitate the fibres of the carpets. If a heavy duty clean is required then there is an extra charge for this service. This is just one of the tools that a professional technician can use and the results are generally very good.

“I will give you an actual case study example. A dear old lady, whose husband had passed away, wanted to sell her house but the carpets had not been cleaned for at least 10 years and were heavily soiled. Two other companies had stated that the carpets were too dirty to be cleaned and recommended new carpets. I took a look and said that they would require three heavy duty cleans at a cost of \$800. However, I was so confident that I made her an offer that I would not to charge if the carpets could not be clean enough to sell the house. Needless to say, the rest was history. This lady gave me a big hug and said “Thank you very much; you have just saved me \$4,000!”

IF YOU HAVE AN OLD, INGRAINED STAIN, IS THERE A REASONABLE CHANCE THAT YOU CAN GET RID OF IT?

“Yes, we find that we can remove 90% of stains. It all depends on what type of stain we are dealing with, how long the stain has been there, and whether the customer had already had a go at removing it with unknown products. This is why Stain Busters has put together a very good stain removal chart that we give our customers so they can deal with issues in between regular cleaning visits.”

SO STAINS ARE REALLY THE MAIN ISSUE?

“Stains really are a massive problem for householders. They sometimes do not understand that when you drop something

on your carpet you must try and get to it straightaway. If you do not deal immediately with coloured stains such as red wine, beetroot, orange juice, cordial, in fact anything with food colouring ... and dilute them with cold water before they dry out, the stain will penetrate the fibres and make it much more difficult to remove even for us.

“Some people try to use bleach-based products and have removed the colour from their carpet.

Despite the difficulties, we do manage to remove most stains very effectively.”

WHAT ABOUT HEAVILY STAINED WOOL CARPETS?

“In Australia, around 80% of our carpets are made from synthetic or manmade fibres. In New Zealand, wool is used a lot more. It is a beautiful product, but it is high maintenance and when it comes to stain removal, it can be a nightmare because it is a natural fibre. You can hit synthetic carpets with a heavy-duty approach, but with wool we just cannot do that. That said, by spending a lot of time and effort on it, we can get a wool carpet clean.”

HOW IMPORTANT IS IT FOR YOU TO EDUCATE PEOPLE IN CARPET CARE?

“We do aim to educate our customers as much as possible. Not all carpets are the same and customers do not understand how easy it is to damage their carpets after they have spent up to \$10,000. This is one of the reasons why Stain Busters has produced the stain removal chart that we give to all our new customers. We also encourage them to buy our general all-purpose spotter for \$20. This kit provides them with a very effective way of maintaining their carpets. I give them a run down on what they should do when they have a spill based on the stain to be removed.”



WHAT DO YOU DO WHEN THE DREADED RED WINE IS SPILT ON THE LIGHT COLOURED CARPET?

“Do not use bleach or any kitchen spray bleach-based product such as Spray and Wipe as it will remove colour from your carpet and upset the colour fastening process. Consult the stain removal chart!

1. Blot with paper towel, rinse with cold water and repeat
2. Use a vinegar solution to treat the residual stain
3. Rinse, then use an ammonia solution
4. Repeat while effective
5. Stain Busters can remove the residual stain after this process

“Every time you use our carpet cleaning service, we provide you with a free top up of your all-purpose spotter bottle so that you can maintain the carpets ready for the next regular clean.”

WHAT CAN YOU DO TO HELP PROPERTY MANAGERS MAINTAIN CARPETS IN BETTER CONDITION?

“The secret to carpet maintenance is

1. To know what you are doing
2. Use the correct equipment, products and techniques in cleaning the carpets and
3. Clean the carpets on a regular basis – ideally every six months.

“If the property Owner is prepared to increase a given property’s rent by as little as \$5 per week, we can provide a heavy-duty clean for a three bedroom property every six months.



Everyone wins ... the owner, because the carpet will last longer, the tenant because they are benefiting from regularly cleaned carpets and the property manager has left a professional impression.

"It works in the Eastern States, and we are already getting an enthusiastic response for this service in Perth."



TERRY'S TIPS & ADVICE FOR CARPET CARE:

- Make sure you vacuum your carpets regularly, ideally using a motorised power head that will remove the dirt that you cannot see. It is embedded dirt that causes the most harm to your carpets
- If you have tiled areas, keep these as clean as possible as well, to avoid dirt being 'trailed' on to your carpets
- Use doormats, and keep them clean by using a vacuum or brush
- Deal with spills immediately. For the best results, invest in a Stain Busters chart and \$20 'spotter' bottle.
- If you do not have the kit, visit www.stainbusters.com.au and consult 'Stain Removal Advice', follow the steps and then call Stain Busters to remove any residual stains
- Never ever use bleach-based products to deal with spills
- Have your carpets professionally cleaned at least once a year, and ideally every six months
- Hot water extraction is generally found to be more effective than any other method
- Ask the carpet-cleaning contractor about fabric protection to make stain removal easier and more effective



"..when you drop something on your carpet you must try and get to it straightaway..."

Cleaning



THE ONLY WAY TO CLEAN IS GREEN BIOFFICE CLEANERS

Rahul Sharma and Damien Ganzer saw an ideal opportunity to literally *clean up* in Perth in 2009 when they started Biooffice, Perth's first *green* cleaning contractors. Up until that time, there was probably only one other contractor in Australia who was employing environmentally friendly cleaning practices and procedures and they were located in Melbourne.

Rahul, an accountant and Damien a chef at one of South Perth's best-known restaurants, started their fledgling company with very few resources and assistance but a ton of passion and commitment to keeping it green.

Since 2009, Biooffice has collected an impressive list of committed clients (in both the Government and commercial environment) who support Rahul and Damien's determination to adopt a totally environmentally-conscious way of cleaning, covering everything from eco-friendly products to innovative and eye-popping original equipment!

This is their story – and it is a clean one - so it secures a 'G' family rating! ('G' For 'Green' of course)

We plunged straight into the deep end of the 'green pool' and asked Rahul and Damien just how they thought a cleaning company could make a difference to the environment:

THERE IS GENERAL AGREEMENT THAT WE ALL NEED TO REDUCE OUR CARBON FOOTPRINT. HOW SIGNIFICANT IS THE CONTRIBUTION THAT ENVIRONMENTALLY FRIENDLY CLEANING SOLUTIONS CAN MAKE?

"We started Biooffice in 2009 and, at that point of time in Perth, no one was offering 'green cleaning'. As far as we knew, there was only one other company in Melbourne claiming to be green cleaners, so we pioneered the process here in Western Australia. Now, when you Google 'green cleaners' you will find dozens of companies listed – that is how fast Perth has taken to this concept of people-friendly cleaning.

"We started small, using only 100% biodegradable cleaning agents and biodegradable bin liners, as these were the only real green option available at that time. We also made contact with *Carbon Neutral*, a not for profit organisation, about making a small contribution to their efforts by planting trees to help offset carbon emissions.

"Through *Carbon Neutral*, we introduced a commitment where, for every cleaning contract Biooffice executes, we would plant one tree on our client's behalf, for every month of their cleaning contract with us. We really are planning to make a difference."

MANY CLEANERS USE BIODEGRADABLE CLEANING AGENTS AND PRODUCTS. WHAT MAKES BIOFFICE ANY DIFFERENT TO THOSE COMPANIES?

"Our big green change came about in 2010 when we introduced a portable machine called an *Ionator*. This remarkable piece of equipment uses normal tap water, converts it into a powerful cleaning and sanitising agent through ionisation of the water which lifts dirt thanks a small electrical charge. The *Ionator* eliminates up to 99.9% of harmful germs and unlike usual normal cleaning chemicals, leaves no residue after use ... other than plain water."





SO, YOU ARE ASKING US TO BELIEVE PLAIN WATER THAT HAS BEEN IONISED PERFORMS JUST AS EFFECTIVELY AS CHEMICALLY BASED CLEANING PRODUCTS?

"Definitely! We were able to stop using at least six of our cleaning

chemicals - window cleaners, sanitizers, spray and wipe chemicals - even though they were safe, biodegradable chemicals - and replaced them with plain water. In addition to cost saving for all involved, cleaning times are reduced, efficiency is increased and apart from the initial cost outlay, running costs are negligible."

HOW HAS THE MARKET REACTED TO THIS RADICAL CHANGE?

"After some initial scepticism which we quickly overcame via a couple of practical demonstrations, that included drinking our products to show just how safe they were, we have had a very positive response. We have cleaning contracts with the West Australian Ballet in Maylands, Cable Logic in Bayswater, Disability Services Commission in West Perth and more. We also have contracts with a growing number of real estate agencies for whom we do vacate and strata cleaning - and once again, for each vacate, we plant a tree."

WHAT SERVICES DO YOU PROVIDE FOR CLIENTS?

"We handle everything including office, carpet, upholstery and window cleaning, floor buffing, and car washing and detailing. Some of our clients operate large fleets of vehicles that need to be cleaned and maintained. We offer this service to all our clients and the cleaning employs totally green products."

WITH ALL THIS WORK, YOU MUST BE PLANTING A LOT OF TREES TO SUPPORT CARBON NEUTRAL!

"Absolutely! Every month on average, we are contributing to planting around 40 to 50 trees, for various jobs. In one month alone, we have contributed a total of 140 trees. So far, in the last two years, we have contributed about 1200 trees. We are definitely making an effort to

offset all our carbon emissions and hopefully setting a good example."

APART FROM THE TREES, HOW SIGNIFICANT IS THE CONTRIBUTION ENVIRONMENTALLY FRIENDLY CLEAN SOLUTIONS CAN MAKE?

"For cleaning areas such as toilets that require specific attention, we use a natural plant acid based product called *Lencia*. It is very effective, but totally safe and non-toxic with natural mouldicides that can also dissolve bathroom scum and calcium build up. Our amazing multi-purpose oven cleaner/degreaser is called GX5. It is a glycerol-based safe and environmentally friendly product which can even use as a moisturiser on your face and your hands. We sometimes demonstrate its non toxicity by sipping it!

"Just because you are green and different you cannot afford to provide service or products that are not effective. That would play right into the hands of the conventional cleaners who use toxic chemicals. You have to provide an efficient and effective service."

IT SOUNDS AS THOUGH BIOFFICE PRODUCTS WOULD BE IDEAL FOR HOSPITALS AND AREAS WHERE YOU WANT NEED TO HAVE A STERILE, CHEMICAL-FREE ENVIRONMENT?

"Definitely, in fact there are now hospital grade eco-friendly cleaning agents available in the market. Consider also the home environment; imagine a cleaning product that does not leave any traces of toxic chemicals. In homes where babies are crawling around on the floors, here is a product that is 100% non toxic and 100% non hazardous. Our clients just love it!"

ARE THESE PRODUCTS AVAILABLE IN STORES?

"Not yet, but our customers are always asking how they can get their hands on what we use. Quite often where we clean commercially, someone will say 'Oh, the showers look great at work ... what are you using?' I will top up a small bottle for them and say 'give this to your wife', they can try it at home and the results are always really positive. In the future we may consider looking at retailing the product. Watch this space!"

Bleaches and other inorganic chemicals can degrade and pollute our water supply.

IS THIS WHERE BIOFFICE'S GREEN CLEANING PRODUCTS AND ENVIRONMENTAL APPROACH CAN MAKE A SIGNIFICANT DIFFERENCE?

"In the newspapers recently there was a story where about 4,000 fish died in the Swan River between the Middle Swan Bridge and Ellenbrook and that was attributed to the high level of algae in the river. Phosphates serve as nutrient to these algae and in addition to fertilisers, they come from detergents we use at home. The algae problem has worsened to the extent that it is getting out of control, with our State Government spending millions of dollars every year. The detergents we use are biodegradable and free of these phosphates. If everyone was using biodegradable detergents, the algal bloom might slow down to a manageable rate."

THEREFORE YOU ARE SAYING THAT ENVIRONMENTALLY FRIENDLY CLEANING PRODUCTS ARE NOT ONLY AS EFFECTIVE AS CHEMICAL BASED PRODUCTS, BUT IN MANY, WAYS BETTER?

"Without a doubt! Over time, green cleaning products will become even better because as this green cleaning trend gathers momentum, other manufacturers will enter the market offering improved products to people interested in buying and cleaning in an environmentally friendly way.

"When we started in 2009 there were not many product or equipment options on offer for green cleaning, but now the market is growing and the product range is expanding rapidly. The future looks positive for this incredibly responsible approach to keeping our own, and the world's, environment clean.

"Initially, we had a few clients who had worn floors and as we were not 100% sure that we had the best 'buffers' available, we cleaned and buffed their floors for free, just to demonstrate that our products would do the job effectively. Similarly, we cleaned many offices for free to demonstrate the capabilities of these products.

"Much more still needs to be done. Apart from the *Ionator*, which is a great device, if you look at other cleaning equipment, there is not much eco-friendly innovation happening at

the moment. Whether it is vacuum cleaners, carpet cleaners or floor buffers - we are using great eco-friendly chemicals whenever we can, but the manufacturers need to improve efficiency."

THE INTRODUCTION OF BAGLESS VACUUM CLEANERS OBVIOUSLY REDUCES WASTE IN THE ENVIRONMENT. IN WHAT OTHER AREAS COULD WE SEE IMPROVEMENTS?

"For starters, how about reducing the wattage output to save electricity cost? The machines that we would like to see available would consume less electricity and that would have a direct impact on the carbon footprint - not only in office and commercial environments, but with also with domestic house cleaning as well.

"Any machine that is more electrically efficient and uses less energy will contribute. Every day, in this City and all around the world, there are tens of millions of vacuum cleaners in operation. In a comparatively small city such as Perth, if we could reduce our consumption by one unit per machine, it could save 50,000 to 60,000 electricity units a day and make a significant difference."

ARE THERE ANY OTHER NON-TOXIC OR NATURAL CLEANING PRODUCTS YOU MIGHT BE ABLE TO RECOMMEND?

"Among the other products we use is eucalyptus oil. It is a very effective natural antiseptic and is one of the best natural ways to kill staphylococci bacterial infection, which as we all know is a very nasty, dangerous thing to contract. Eucalyptus oil is anti-microbial and anti-bacterial and has anti-inflammatory, antispasmodic, decongestant, deodorant, antiseptic, antibacterial, stimulating, and other medicinal properties.



"We buy it a lot cheaper than retail (which is about \$22 for 200ml) but it is still very expensive, so we use it sparingly for some clients who ask specifically for eucalyptus to be used on areas such as toilet floors because it has a clean, natural antiseptic-like smell.

"Many people think that if you cannot smell bleach after a toilet has been cleaned, it is not clean, which is half of the struggle we face. When we clean, there are not any residual odours or toxins. At first, when a client comes in after a clean, everything will look spotless, but there is no lingering 'antiseptic-like' smell. They eventually become used to 'no smell' and are happy to accept it because they know that their environment IS clean."

There is a well-known presenter and author on the ABC whose name is Shannon Lusch. She is a great advocate of the use of natural old fashioned cleaning products and techniques. Her tips and advice on cleaning solutions (like baking soda and vinegar) that do not require the use of toxic chemicals are legendary. She advocates the use of pantyhose for example as a brilliant disposable cleaner.

DO YOU USE SIMILAR ITEMS IN YOUR CLEANING PROCESS?

"No, we do not use pantyhose! We use re-washable, recyclable micro fibre cloth, but anything that can be recycled is fine by us, as are her old fashioned natural remedies! We wash our micro fibre cloth in biodegradable detergents and re-use them for up to six months. Many cleaners just use commercial cloth such Chux and then bin them, full of chemical residue that ends up in landfill that then contaminates the soil."

IS THE SPEED OF CLEANING FASTER, THE SAME OR SLOWER USING YOUR GREEN APPROACH?

"Faster, definitely, because you are not wasting any time decanting several chemicals from ten litre buckets into spray bottles and then filling these with water. We just fill our Ionator with plain water and start spraying.

"With our approach you also do not need large storage space or have to haul around a chemical trolley – all we have to carry around is an Ionator, a little eucalyptus oil and a few microfibre cloths. For vacate cleanings all we have to carry is our bottles of Lencia and GX5 (and SpotX for carpet cleaning)."

Biooffice's 'clean it green' story is a genuinely exciting one. They are obviously passionate about what they do and the commitment they are making to our environment. We can all learn from their efforts by applying their same passion and commitment to our own home environments. There are some very simple ways that we can play our part and contribute to a greener way of cleaning.



BIOOFFICE'S TOP TIPS FOR PROMOTING AND MAINTAINING A CLEAN GREEN ENVIRONMENT:

- Avoid chemical cleaners that contain phosphates. These inevitably find their way into the waterways and can pollute, clog our rivers and waterways and promote algae.
- With items like vacuum cleaners, look for products that promote the highest output (suction power) with the lowest wattage. The lower the wattage, the less electricity you use.
- If you must use cleaning chemicals, biodegradable products are best. They break down in waste. Look for bin liners, cleaning cloths (used pantyhose are a good cleaning alternative) and if you want your place to not only look but also smell clean, use a product like eucalyptus oil. It is natural and has antiseptic properties.
- If you can source them, consider using new cleaning systems such as the . Although there is a capital outlay involved, operating costs are minimal with the use of tap water. The effect on the environment is zero and it speeds up the cleaning process tenfold.
- We can all, in our own small way, make a valuable contribution to a clean, green environment. Consider joining something like Carbon Neutral and plant a tree to save the environment

Plumbing



PLUMBERS WITH A PURPOSE LITAS MAINSTONE

Partners Chris Litas and Chad Mainstone are plumbers with a purpose. Litas Mainstone came into being in 2006 when Chris and Chad were contracted to update the plumbing in Caves House in Yallingup, one of Perth's oldest heritage-listed buildings.

Today, with a staff of 20 and a fleet of eight vehicles, they handle a mix of everything from general plumbing to 24-hour emergency call out services and building maintenance. Litas Mainstone also operates an upmarket residential and commercial arm where they work in conjunction with luxury home builders - for example, Zorzi, Pirone, Palazzo and Mosman Bay Constructions and other private builders on projects that, overall, can cost anywhere from four to \$15 million.

"Although they are kept extremely busy running their company, Chris and Chad still spend time working on the tools and advising and mentoring their young apprentices and ensuring that their high quality standards are maintained.

If it involves plumbing – large or small – Litas Mainstone are only a phone call away and they promise a fast, professional response to the very highest standards of workmanship.

WE BEGAN OUR DISCUSSION WITH A VERY GENERAL QUESTION. WHAT SCOPE OF SERVICES DO PLUMBERS COVER? DOMESTIC, COMMERCIAL, GAS FITTING, ECO-FRIENDLY - SUCH AS RAINWATER HARVESTING, WATER TANKS, GREY WATER CONNECTIONS ...

"We handle general plumbing installation and maintenance, rainwater tanks, grey water connections, underfloor heating, solar and gas hot water services, gas fitting, and also a 24-hour emergency call out service. Services such as grey water connections are quite

specialised and not as common here as they are in the Eastern States."

DO MOST PLUMBERS PROVIDE ALL SERVICES OR IS IT A CASE OF SOME SPECIALISING IN SPECIFIC AREAS I.E. ROOFING, GUTTERING, DOMESTIC REPAIRS AND MAINTENANCE?

"Most specialise, but we employ plumbers whose skills are superior in certain areas such as drainage or gas service, for example, and we aim to place them into a category of work where they are most effective."

DO PLUMBING APPRENTICESHIPS NOWADAYS COVER THE WHOLE GAMUT OF SERVICES?

"Yes, plumbing apprenticeships will cover the whole scope of services. When I was a young apprentice, I mainly worked on commercial business, so did not receive as much experience in other areas. That is unheard of now. These days, when our young apprentices finish their time, they know how to unblock a drain, how to service a tap washer, put in a hot water system and plumb an entire house from top to bottom!"

DOES THAT INCLUDE ROOFING AND GUTTERING?

"Roofing and guttering is a specialist area and is now a separate trade in itself. If there is a roofing or guttering component in a project, we sub-contract to someone who has roofing experience. At a stretch we could do it. We carry out a lot of maintenance work and so, you need to be proficient in a number of areas, however, it is not our speciality. I think now



there may even be a separate apprenticeship for roofing. In general, tradesmen that do roofing are now plumbers, but most plumbers can turn their hand to roofing."

IS THE TRADE STILL CALLED PLUMBERS AND GASFITTERS?

"Yes it is. Gasfitting is a regular part of our core business. There is also fire service, and we do a lot of fire work as well."

WHAT DOES THAT ENTAIL?

"Fire hydrants and upgrades of fire pumps and tanks. They have to have the correct mains pressure in the street. The focus is more on the commercial side, so it involves a larger volume of pipe work and has to be carried out to meet specific codes and regulations."

DO ALL PLUMBERS AND GASFITTERS HAVE TO BELONG TO THE MASTER PLUMBERS ASSOCIATION?

"If they are licensed, yes they do. Every company operating as a plumbing supplier has to have a tradesman's licence."

IS THERE IS A LEVEL OF CERTIFICATION YOU SHOULD ASK FOR WHEN USING THE SERVICE OF A PLUMBER?

"When you employ someone you should ensure that possess their tradesman's licence and a current gas 'ticket'."

Being licensed means they are qualified to carry out the work to a certain standard and that is vitally important from a safety standpoint with gas in particular.

If they do not have either, you should not engage employ them."



WHEN CHOOSING A PLUMBER, IS SIZE OF COMPANY, EXPERIENCE OR SPECIALISATION IMPORTANT? THERE ARE ARGUMENTS FOR AND AGAINST USING A SMALL PLUMBING OUTFIT AS THERE ARE FOR USING BIGGER PLUMBING COMPANIES EMPLOYING 40 OR 50 PEOPLE. WHAT ARE YOUR THOUGHTS ON THIS?

"Unless they are part of a large franchise, a plumbing company with 40 to 50 people would generally focus their efforts on large projects and not residential work."

"When we employ someone we look at where they have come from and what they do. However, for our size of operation, we need people who are all-rounders. For example, the people we employ in our team can all read and interpret a set of plans."

"A lot of companies will employ a site supervisor and the team members basically do what they are told. I want a team that can think for themselves. Once a month, my partner Chad and I make a point of getting out there 'on the tools' to teach the apprentices and work beside our team to ensure we are maintaining a quality standard. We also undertake regular site inspections which provide opportunities for us, as principals, to maintain a close connection with our clients."

THEREFORE, KNOWLEDGE AND EXPERIENCE ARE THINGS YOU CANNOT REPLACE?

"Absolutely. Getting taught the right way is essential."

CAN A PLUMBER PROVIDE SERVICE ACROSS THE METROPOLITAN AREA OR IS IT ADVISABLE TO CHOOSE SOMEONE CLOSER TO WHERE I LIVE?

"We operate across the metro area and travel as far as Yanchep and Margaret River if we have to. If you are in the South West, you would choose a South West plumber – however, from Perth to Mandurah, you can use any plumber in the metropolitan area."

WILL YOU CHARGE TRAVEL TIME TO GET TO THE SITE AND BACK?

"We do if the travel time involved is over an hour. Generally though, everything else is classified as metropolitan area."

AS A CLIENT WHAT QUESTIONS WOULD YOU ASK BEFORE RETAINING THE SERVICES OF A PLUMBER? FOR EXAMPLE, IF YOU HAVE A BATHROOM THAT NEEDS REPAIRS OR RENOVATING?

"You would ask the plumber to come out and provide a quote. I would then ask what their availability was, to make sure they are not going to arrive three weeks later to do a job you need attended to the next day. I would ask what they charge per hour, and then you will know roughly what to budget before calling them out to your job."

SO YOU WOULD ASK FOR A FIRM WRITTEN QUOTATION?

"Yes, and I would check the company to see if they are registered, because there are people out there installing gas and water illegally, who are not qualified or registered. "Another point I would make with regard to general maintenance is that handymen are not licensed to undertake plumbing work of any kind ... but that is happening repeatedly around Perth now."

"A lot of property maintenance work is being undertaken by handymen and, invariably, a licensed plumber has to come out and rescue situations when a house is flooded or something else has been installed incorrectly."

What should happen in property maintenance, is that no one should be able to touch a water service, drainage or anything else related to a house/property's plumbing, if they are not licensed."

"These people are taking work away from those who have studied at TAFE, are experienced and qualified in their trade."

We couldn't agree more with Chris on this point and urge our readers to only employ licensed plumbers to carry out work for them. Staying with the fee theme, we asked Chris:

DO ALL PLUMBERS CHARGE A STANDARD SET CALL OUT FEE FOR A CALL OUT?

"It depends on the company structure and policies. Some will not charge a call out and then charge a higher hourly rate and recoup their time that way. Unlike an ongoing project, the majority of companies in plumbing maintenance have to charge a call out to



compensate for someone driving out to a job – sometimes only to find that the tap hoses on the washing machine are reversed!

"If you are sending someone out on a call you need to be compensated for a professional service and all the responsibilities, costs and potential liabilities in providing that service."

WHEN YOU'RE BUYING A HOME MOST PEOPLE DO BUILDING AND PEST INSPECTIONS. IS IT NORMAL TO HAVE A PLUMBING INSPECTION DONE AS WELL?

"It's not, but it should be! Plumbing checks should be included in the building inspection. We currently do general inspections for our real estate agents – and particularly look for blocked drains, servicing of hot water systems and leaking taps. An unwitting purchaser can buy a house and the next day, the system falls apart. Plumbing checks should be included in the building inspection."

"With an electrician, they have to have two RCD's and must have two smoke alarms - it's mandatory. I would recommend an inspection that checks the water and gas lines - they could be rusted out, the gas main could be leaking and that could cause a huge problem in the future. So that's one thing I'd be looking at 100%! These checks are definitely worthwhile."

"In my experience, anything up to 50% of old houses may have gas leaks in one form or another. In addition to a thorough check of everything related to an installed gas system, I would also check for:

- hot water system and pipes (ensuring they are adequately insulated)
- that the mains are in good working order (so you are not going to move in

- and experience a burst water main)
- sewerage and other drains tested to see if there are any blockages or broken pipes.”

IN STATES SUCH AS QUEENSLAND, THE GOVERNMENT HAS INSTITUTED A SERVICE WHERE, FOR A SET FEE, REGISTERED PLUMBERS COME TO YOUR HOME AND PERFORM AN ENVIRONMENTAL/EFFICIENCY AUDIT ON YOUR PLUMBING. COULD A SIMILAR INITIATIVE WORK HERE?

“It is a great idea and given our similar water shortage problems it could be implemented here in Western Australia. I would certainly recommend and endorse it.”

IS COPPER PIPING STILL USED TO CARRY HOT AND COLD WATER OR IS PVC NOW ACCEPTABLE?

“We currently use a combination of plastic and copper pipe in the roof for hot and cold water systems, according to what is specified or requested. There are thin grades and there are thicker grades of polyethylene (products include Auspex or Rehau).

With hot water it is very important to insulate your pipework in order to minimise heat loss and we use only the thicker grade polyethylene pipe for this application.

“We are called out to repair hundreds of burst water mains a year mainly because they have just been corroded away or through friction of pipes rubbing together. We find that this happens especially with copper.

“Some long established plumbers still love using copper in the walls. However, we find that polyethylene is more durable, especially in



homes along the coastline. You do not want to use copper near the ocean as it may eventually become corroded by the saltwater in the air.”

IS THERE A PUBLISHED PLUMBING AND GAS FITTING STANDARD OR CODE OF CONDUCT?

“Absolutely. It is known as AS3500. It contains a set of bylaws and standards you must meet as a registered plumber and we constantly receive updates and amendments to it from the Master Plumbers Association.”

WHAT ARE SOME OF THE ECO-FRIENDLY ADVANCES AND WATER SAVING TIPS THAT YOU CAN ASSIST IN INSTALLING OR RECOMMEND?

“Apart from water-saving shower heads (flow restrictors) there are dual/restricted flush toilet cisterns, and rainwater tanks are now becoming more popular in Perth. While they are now mandatory installations in new homes in some Eastern States, they are not yet mandatory in Western Australia.”

WHAT DOES IT COST TO INSTALL AN AVERAGE WATER TANK IN A SUBURBAN HOME?

“They are not cheap, but they can save you a certain amount of water usage in the garden. If you are contemplating installing a rainwater tank, you might consider putting a larger water tank underground, because when it does rain, you know that it will capture and store all the rainfall.

“We can also make provision for grey water usage, which is a very environmentally friendly initiative.

You are not allowed to run kitchen sink waste back to grey water. You can only run your shower, laundry trough and washing machine, but obviously not toilets.

“However, down in the South West, they are starting to use tanks which allow all fixtures to run into one bio-mechanical tank – and then through to the reticulation system and the refilling of toilets and laundry troughs. It is becoming a larger business and is an extremely positive and environmentally-friendly process.”

RETICULATION SYSTEMS? DO PLUMBERS USUALLY HANDLE THOSE SORT OF INSTALLATIONS?

“I know of some companies that specialise in reticulation for grey water and rainwater, but it is not our core business – it falls more in the domain of landscape gardeners.”

“As far as reticulation for plumbers is concerned, it is mandatory to install a backflow prevention device which is designed to prevent fertiliser nutrients entering into the potable water supply (drinking water). Such work must be carried out by a licensed plumber.”

IS THERE A FORUM WHERE A CONSUMER CAN SEEK REDRESS FOR PLUMBING PROBLEMS? CAN THEY GO TO AN ASSOCIATION?

“Definitely. They can go to the Masters Plumbers Association and raise a complaint about a plumbing company. Complaints are raised at board level, discussed and a resolution handed down as to how the problem will be redressed. The company involved is cited and if they are identified as repeat offenders they can lose their accreditation.”



CHRIS'S TOP TIPS FOR SEEKING THE SERVICES OF A PLUMBING CONTRACTOR:

- Research the company first. Check their website if they have one. Request referrals and ensure that they are licensed plumbers and gasfitters
- Ask up-front about their terms and conditions, hourly rate and call out fee
- Always ask for a written quote in advance of any larger work that is to be carried out such as renovations ... also obtain competitive quotes
- Check that they have installed the brand/type of equipment originally quoted on the job and not a different, cheaper brand
- And if the price quoted is so low it beats the others hands down, be very careful. Because if it sounds too good to be true, it usually is!

“Apart from water-saving shower heads (flow restrictors) there are dual/restricted flush toilet cisterns, and rainwater tanks ”

Electrical Contractor



POWER TO THE PEOPLE – FOR LIFE MULTI-POWER ELECTRICAL

Troy Dye is the electricians' electrician, the thinking man's 'sparky' and a multi-award winner. Like all the other professionals in this guide, he is at the top of his game. When it comes to all things electrical – installation, maintenance, new connections, compliance and everything to do with electrical safety, Troy's expertise is first class.

When he talks, it pays to listen, so the first question plugged straight into the main issue:

WHEN YOU NEED THE SERVICES OF AN ELECTRICIAN, WHAT SHOULD YOU LOOK FOR?

"It all depends on whether you are making your decision based on quality or price. Many people choose the cheaper option, but there are vast differences in the installation standards of companies and materials supplied. In the long run, this can have dire and costly consequences.

"Multi-Power is committed to supplying well known high quality materials, and operates to ultimate standards of workmanship. The materials we supply are of higher quality than those supplied by cheaper electricians and sometimes we lose work purely on price. I make no apologies for maintaining quality standards, because when it comes to anything electrical, there can be no compromise.

"Reputation for reliability and consistently high workmanship with no call-backs, together with word of mouth referrals, is a far better guide in choosing your electrical contractor. Once you find an electrical contractor that you trust, it is best to use him for life - just as you **would with your medical practitioner**. Clients choose us because we stand for reliability, responsiveness and quality workmanship."



WHAT ARE THE POTENTIAL RISKS IF YOU OPT FOR JUST PRICE INSTEAD OF QUALITY IN CHOOSING AN ELECTRICIAN?

"When electricians become qualified, they must abide by standard rules governing electrical wiring (Wiring Rules AS3000), so in addition to the use of cheaper materials, the difference goes to having a wide-ranging knowledge and of course a pride in completing jobs so they are tested and safe to connect. Cheaper electricians need to save time to make up for lower price, and this may be revealed in how cables are run, the use of dreadful surface mounted conduits or not fully testing their work to make sure that it is completely safe. We have a policy at Multi-Power, that an external conduit can only be used as a final resort; all efforts must be taken to conceal cables within the building structure.

At Multi-Power Electrical, we feel it is our duty of care to advise clients of anything that is a potential risk to them, and fix it on the spot, if possible. This can either be something simple such as a switch mechanism that is popping out, or the condition of the cabling within the property. Other electricians may turn a blind eye and only focus on completing the task that they have agreed to and are getting paid for. When they are onsite, our electricians are always available to check out any other electrical matters that may concern clients. I believe it is the desire and professional commitment of an electrician who takes pride in carrying out quality jobs that defines him as either a first rate electrician or an indifferent, 'shoddy' one. Our clients value uncompromising quality and when it comes to the service we provide and the finished product, they base their choice on the desired outcome rather than price."

"As a summary, with electrics there should be no compromise as safety for you and your family is everything. Ensure that the electrician of your choice is appropriately licensed, has a professional company with workmanship policies and procedures, abides by the safety laws and supplies you, the end-user, with high quality materials – and once they have proved their reliability, trust them to serve you over the long term."

DOES THE SIZE OF AN ELECTRICAL SERVICE BUSINESS MATTER?

"There is a case for both the sole operator and the larger commercial company with a fleet of trucks and electricians on the road. Let us start with a domestic home example. If a homeowner has an emergency and needs an electrician on the spot, reliability and availability is the key – and usually price is not the main concern. They just want their problem fixed and clients understand that it will cost them a little more than normal. Sole operators often have a more personable feel but may be less reliable as they have to multi-task and act as receptionist, appointment scheduler, estimator and electrician all rolled into one. As a result, appointments can sometimes slip through the cracks.

"Larger corporate electrical contractors will already have documented safety and management systems and the ability to put a large number of electricians onsite in order to complete very large tasks quickly due to time constraints generally forced on large contracts. Large corporate companies are usually much more expensive due to significant overheads, and are therefore not well positioned for domestic or smaller commercial work.



"A mid size company (two to ten electricians) will generally be able to provide better service across larger areas due to location diversity. Their size and greater profitability will be sufficient to support better work systems and commitment to training as well as continual improvement of management and safety systems. Companies in this category, such as Multi-Power Electrical, offer more personalised service plus all the benefits of dealing with a larger and better resourced organisation."

NEXT WE CHANGED TACK AND ASKED ABOUT THE POTENTIAL PITFALLS OF BUYING AN OLDER HOME. TROY BROKE IT DOWN INTO THREE SPECIFIC AREAS.

"There are three main things to consider – general safety aspects, what is already installed and its age, and the condition of electrical wiring. With an older home that has an expensive price tag, you are well advised to do your homework in advance. What is the situation behind the walls and within the ceiling space? Is the cabling old, outdated or potentially dangerous? Does the house need to be completely rewired? If so, the cost could be many thousands of dollars. Are the switches, power points and lighting old and in need of replacement? Has the switchboard been upgraded? Is the power underground or still overhead? Does it have the required RCDs? Are smoke detectors fitted, and in appropriate places? Is the air conditioning, hot water system, bore pump and pool equipment dated? If there is a shed, has it been supplied with power? Will extensive maintenance be required to keep the electrics in good condition?

"From a buyer's perspective, it is important to look up, down, left and right when you are assessing the electrics of a property."

Before you purchase an older home, in addition to a building inspection report and the mandatory pest inspection, it is my wholehearted recommendation to request an electrical report as one of your 'subject to' conditions in the offer to purchase contract. It is part of your due diligence, and worth the investment."

WHAT IS THE SITUATION WITH REGARD TO RCDS?

"RCD stands for Residual Current Device and is also commonly known as a 'Safety Switch' or otherwise known by the baby-boomers counterparts as 'a Clipsal'. Since August 2009, it is mandatory to have a minimum of two RCDs - they have to be installed to protect all power and lighting circuits. In certain situations, additional RCDs may be required. It is more common these days to have an individual combination RCD/Circuit Breaker per circuit, rather than having one RCD that will protect a couple of circuits. If this sounds complex, it is simply a matter of discussing your property's circumstances with an electrician you trust.

"The tip is, if you are having your switchboard upgraded, ask your electrician to use a modern combination RCD/MCBs (miniature circuit breaker). The advantage is if one circuit has a fault, only that circuit will be affected, and all other circuits will remain active.

"Since August 2011, it is also compulsory for all tenanted properties to be RCD protected."

SAFETY AND ELECTRICS - WHAT SHOULD YOU ALSO CONSIDER?

"Smoke detectors save lives and they have the ability to have a battery installed for backup, so that if the power goes out, the detector will still function. Nine volt batteries need to be changed regularly, and DFES (previously FESA) recommends the habit of replacing smoke detector batteries on 1 April 1st each year. You could even programme it into your smart phone as a reminder. There is a test button, and I recommend you test your smoke detectors monthly. If you have never tested yours before, DO IT NOW!



"If you are selling a property, it must have an approved smoke detector on every level. Therefore, if it is a two storey property, there must be a minimum of two smoke detectors and these should be placed between the kitchen and the bedrooms - preferably in the passageway.

"All properties (for example units, town houses, villas, small homes, large homes, hostels and commercial establishments) are different and have different requirements. The position of smoke detectors can be crucial for legal compliance - ask your electrician for advice about your specific circumstances. It is recommended that smoke detectors should be replaced every ten years."

HOW OFTEN SHOULD YOU HAVE YOUR HOME INSPECTED BY AN ELECTRICIAN?

"I believe ten years would be the absolute maximum but few do it. People put the plug in the wall and if the appliance works or the light comes on when the switch is flicked that is good enough. However, you would be well advised every ten years to arrange for your electrician to go around and fix anything that is obviously cracked or broken, and also have electrical tests completed to assess the overall electrical condition of the property."

DO YOU HAVE SOME ADVICE ON POWER BOARDS AND THE RUNNING OF EXTENSION LEADS?

"Extension cords, in a domestic situation, are a 'trip' hazard and should never be used as a permanent supply to anything. I often see cords squeezed through doors, hanging out of windows or where vehicles can run over and damage them. Pets and even children can chew on them, and there is the potential for considerable danger. Always have your extension cords tagged and tested, especially as they get older. They are convenient but should *never* be used as a permanent power supply and never used unless fully unwound."

WHAT ABOUT SURGE PROTECTION DEVICES?

"There are two types. One is a power board surge protector, or a plug-in surge protector. I use one in my house for my computer. High quality surge protectors that you can purchase from major retailers cost between \$100 and \$300. They can guarantee you \$1000s worth of coverage for any damage to equipment that

powered through the surge arrestor, so, if your computer is connected to one, and it blows up, the manufacturer will replace it - but your data will probably be lost.

"The other surge protection device is hardwired into your switchboard and can protect your entire installation. It works by generally only allowing a maximum of 280 volts through, and anything else just bypasses the board to earth. These devices can be expensive but are effective, especially if you live in a high lightning risk area or need to protect higher valued items, such as electronic equipment."

WHEN MUST YOU EMPLOY A LICENSED ELECTRICIAN?

"You must employ a registered electrician, (who either holds their own Electrical Contracting Licence or works for a registered electrical contractor) for any electrical work within your house or commercial property that is hardwired. You are allowed to install anything that plugs-in, but unless you are a licensed electrician, you are not permitted to service an electrical appliance."

WE ASKED TROY FOR SOME GENERAL SAFETY TIPS AND HERE IS WHAT HE CAME UP WITH:

- Check all electrical leads, cords and plugs for damage and wear. Also keep an eye open for possible dangers with your relatives' or friends' electrical equipment.
- Extension leads should *never* be used as a permanent power supply.
- Ensure that extension cords and circuits are not overloaded.
- Make sure all heating electrical appliances are turned off when you go to bed or leave the house.
- When your hands are wet, NEVER touch anything electrical. For example, after having a shower, do not touch a power point or a light switch until you are dry.
- Make it a practice to always look up and watch out for power lines, when working with extensions ladders. ALWAYS LOOK UP.
- If your RCD (safety switch) trips out for any reason:



1. To isolate the cause of the problem, turn off all light switches and unplug all appliances.
2. Try to reset the safety switch.
3. If it resets, turn on your appliances or lights one at a time until the safety switch trips.
4. When one appliance trips the RCD, you have determined the cause of the fault and you can either take the faulty appliance to a qualified service centre for repairs - or throw it away.
5. If the safety switch does not or cannot be reset, contact your electrician as a fault may exist in the wiring or the safety switch."

HOW CAN YOUR ELECTRICIAN ASSIST IN MAKING THE SALE OF YOUR HOUSE EASIER AND MORE PROFITABLE?

"In one word, 'lighting'. Just by replacing yesterday's old light fittings with up-to-date lights you will lift the look immediately. If you have a modern, attractive, contemporary or even an older a traditional style cottage home, some new coach lights in the front will improve the look and add interest and attractiveness. Also consider installing LED lights."

WHAT ABOUT LIGHTING DESIGN?

"I am sometimes asked by a homeowner for advice on lighting layout. One of my great interests is outdoor lighting. We have great weather in Western Australia and it seems such a pity to waste your outdoor space simply

because of a lack of lighting. It is easy to place lights strategically so that you can use the space at night for entertaining and dining alfresco.

"It is not all about creating MCG floodlight brightness; it is about creating a subtle, beautiful and relaxing environment where you can have a beer or glass of wine and relax with friends.

"You can use 12 or 24-volt halogen or LED system. For example, you may want to create an effect by having dimmable lights in your alfresco area, illuminating your favourite trees from the ground, or subtly lighting a garden path trail or lining a driveway. You can also floodlight your exterior for safety and security. Your outdoor lighting options are endless – and they all add to the appearance and value of your property.

MOVING OUR FOCUS INSIDE, WE ASKED TROY ABOUT THE NEW ENERGY-SAVING LIGHTS AND FUTURE TRENDS IN LIGHTING.

"Old filament lights are history! The current trend is energy saving bulbs or CFLs (compact fluorescent lights), but the future, however, is LED lighting, and that is the way all our lighting will go. Eventually everyone will buy only LED because the technology is now so much more advanced, cheaper and more efficient. A standard current 60 watt bulb is approximately the equivalent of a fifteen watt LED. A filament light bulb will last about 3,000 hours, but an LED lasts up to 50,000 hours, so the life expectancy is significantly extended."

CAN WELL CHOSEN LIGHTING TRANSFORM DARK BORING ROOMS INTO LIGHT ATTRACTIVE ONES?

"Yes ... and houses can be broken down a series of different sections. In the kitchen, I like to put downlights above the benchtops – bright areas where you are working. In the bathroom, downlights above your vanity work well. In bedrooms, you do not necessarily need downlights, because unless you are a student, the focus will be on sleep not work. For bedrooms, a hanging pendant light often suits or an oyster light. In lounge rooms, I like to see downlights with a dimmer. Above a dining room table, a pendant light can often add elegance and make a statement. Select your required lighting giving consideration to what activities are normally carried out in each room.

"In the end though, it really comes down to budget. If you are building, have extra conduits installed in places where you think you might need additional lights switches or power outlets in the future. It is cheaper to do it while you are building because it is more difficult and expensive to add in electrical components and cable afterwards!"

Our thanks go to Troy for helping our readers to shed a light on the important role of electricity in the home.



TROY'S TOP TIPS + ADVICE:

- Always obtain an electrical inspection and report by a qualified electrician in addition to a building report and pest control inspection.
- With battery operated smoke detectors set the date in your diary or programme it into your smartphone to replace batteries on April 1st every year. *Don't be a fool, follow the rule!*
- Always use a qualified, registered electrician for anything that is hardwired or for any appliances that need servicing.
- Use lighting 'for effect' around your house, especially in outdoor areas. It is not only practical, but it can add value to your home and increase your use and enjoyment of entertainment areas
- When building a new home add additional conduit in your walls, ceilings and slab for possible future use.
- Do not just select your electrical contractor on price. Consider reputation, reliability, quality and pride in their work before you make a decision. Once you have found an electrician you trust, stay with them for the duration of your life!

4 | Property and Wealth Creation

INTRODUCTION

You can talk to ten different financial planners and advisors about the benefits of using property as a viable option for wealth creation and quite possibly get ten different interpretations.

Some are in favour, others are not. Some see it as a component of a 'balanced portfolio' and the more conservative will advise against putting 'all your eggs in one basket'.

The truth is that there are more millionaires who have achieved fortune and through astute property investment and acquisition than any other form of wealth creation. It is also true, however, that there are others who have lost a fortune on property investment.

What is the secret? It all comes down to maintaining a balancing act really, keeping all the balls juggling in the air while you keep a keen eye on the market.

Property is both a volatile and cyclical market. Peaks and troughs, highs and lows, ups and downs – it's a market that has it all and is probably not for the faint-hearted. Having said that, if you study the trends, and talk to the right people who can advise on a balanced and considered approach, it can be a very lucrative and rewarding undertaking.

The right advice is crucial on when to buy, what to buy, where to buy, when to sell, when to hold, how to maximise legitimate deductions such as depreciation and tax. It is rather like playing a high stakes poker game but having that ace 'up your sleeve'.

In the following pages you will benefit from the experience of a hand-picked panel of people who have 'been there and done that', covering everything from securities, financial planning, investing as part of a Club, strata management and even advice on depreciation and how a specialist accountant can assist you with wealth creation strategies. The whole chapter is designed to assist you in staying on the positive side of the property investment ledger.

While property investment may not be everyone's 'cup of tea', as a means to wealth creation, like a balanced diet, it can provide very healthy returns, *if* you get the mix of ingredients right.

Investment – Maintaining a Balance

A VIEW FROM CPS SECURITIES

The most important thing in a long term investment strategy is not having all your eggs in one basket! If you have all your assets in property then you may be making a grave error.

As this is a property book, it is important that I write this chapter with a focus on property. But is that enough? What are your long term goals?

World experts will say you need a diversified portfolio of assets. The usual consensus is that property on its own is not enough. What are the assets classes? Well, to keep it simple and not go into sub classes, there is obviously property, then shares and fixed interest (cash).

What percentage should you have of each?

The rule of thumb is that you should have three times dollar value in property as you do shares for a conservative investment. So if you have \$1m in property you should have \$333,333 in shares. My guess is that perhaps 1 in 50 people have the correct assets balance. Why so few? People understand property and they don't understand shares. Do you need to understand shares though?

The answer to that is 'No!' A qualified financial planner or stock broker can recommend you a portfolio of the top 20 companies and using our example above, you put invest \$333,333 into the these companies. That works out to \$16,667 per company. The names of the companies you will all know. They include BHP, Westpac, Commonwealth Bank, ANZ, Woodside, Woolworths, QBE, Telstra, National Australia Bank and Westfield. Companies you use and give profits to every day. Now you can own part of them.

So should we stop there? Is it good enough to just say leave it to a broker or financial planner? For some of you 'yes', but for the more

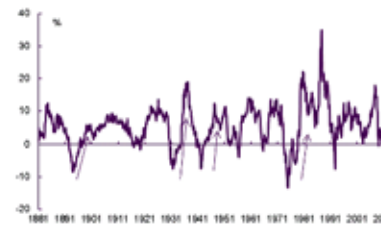
enquiring mind I will go on to explain.

The stock market is not just for sophisticated investors. You do have to be careful though, and find someone you trust to assist you, but you don't necessarily have to understand it. It is also important to judge when it is a good time to invest. As of late 2012, we are currently at the 5th worst period in the history of the stock market. How is this calculated? Well the best indicator is the five year rolling return. For example if you bought shares in 2007, the performance of those shares to 2012 would be -9% in the stock market.

There have been six other period that have been near -10%, so we are coming off a very depressed period. The good news is that for the five years after these six previous depressed periods, the returns have been in excess of 20% each year so your funds would have doubled in the five years after. At the moment we have a crazy period where it appears that shares seem to be very cheap.

The below text and chart is courtesy of Perennial Investment Partners and ASX, Wren Research, Deutsche Bank. As you can see we look to be at close to, or near the bottom and all previous lows which have then been followed by huge increases in share values.

The following chart may help to put all this into a wider perspective. It shows the rolling five year return of the All Ordinaries Index each month going all the way back to 1875. The last point on the graph, for instance, shows the annualised return for the five years to 31 July 2012. It shows just how extreme today's market is and also how quickly positive



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All Ordinaries Index Rolling Five Year Compound Returns % p.a.

five year returns recover once confidence and optimistic expectations around future global economic growth returns. The last really poor period, even more extreme than today, was in the early 70's. This also was a period of negative headlines with a breakdown in the Bretton-Woods currency system, extreme inflation, OPEC oil shocks and the fall of the Whitlam Government - the headline equivalents of our sub-prime, Lehmann and Euro headlines. 1973 saw our market (All Ordinaries) down 23%, followed by a fall of 27% the following year. The market was then up for six consecutive years, starting with a 63% bounce in 1975.

There is talk of another financial crisis. That is possible, but we are coming off a very low base and if you keep to your goal of investing for five years, then this time frame would see you through any instability.

If you are ready to take the first step, you might ask 'How does it work? How do I get started?' It is very simple. Set up an account with CPS Securities, give us your current financial position with investment goals and then we allocate a budget. CPS will then recommend stocks and discuss your investment timeframe. Always work towards a five year plan.

We generally do not recommend that clients borrow money in order to invest in stocks. It can be done, but you need to be very careful as Margin Calls can force you to sell your stock at the worst possible time in the market.

'Day trading' has been in the news for some time, and we don't do it. At CPS, we are investors not traders. Often in trading or day

trading the only people that make the money are the brokers with the \$110 or 1% of the turnover with little or no profits derived for the trader.

You may also consider investing in Property via shares. Many property companies are listed, either as companies or unit trusts. If you do not have enough money to buy a property, but do want an exposure to real estate investment, you can start this type of investment for as little at \$10,000 and perhaps build it up by \$1,000 each month thereafter. This is called dollar cost averaging and it is a way to make money in even a falling market as each time your buy more you are averaging yourself into the market. As the price falls you are buying more shares for the same amount of capital. As the share prices recover, you reap the benefit.

Another option is to invest your superannuation money into shares via a Self-Managed Super Fund. The five year minimum time frame for investments work well for shares held in a super fund.

SO WHAT ARE THE MOST IMPORTANT QUESTIONS YOU MIGHT ASK?

- What are the key things you need to know before jumping into an investment?
- The most important thing in an investment is the management. Good management with an average project will always perform better than average management with a good project. Listen to what people are saying about the management. These are the things you cannot read in the annual report or the company numbers or websites.
- What are some of the things to look for and to steer clear of when considering investment in the resource sectors or any shares for that matter?

Poor management, people with bad reputations should be avoided. If however you hear about a good management team that has made money for people before then you should look further into the company. The most important thing is management of the project and the company. Good Corporate Governance – people mining the ground and not 'mining the money' in the company for their own personal gains. It is better that management

get small salaries. Management should only be rewarded when the share price goes up as they will have significant shareholdings themselves.

CPS helps people to buy well, but we also help people to sell well. Many inexperienced investors buy well at a good low price, but don't sell well. They buy stock ABC at \$0.20c, watch it go to \$2.00 and then watch it go all the way back to \$0.20c. Then they complain that they never have any luck in the stock market! The problem is they just don't know how to take profits. CPS can help people with good selling advice.

Institutional/professional investors buy a stock and if it goes down they sell it. If it goes up they buy more. They run their profits and cut their losses

Retail/mums and dads/inexperienced investors buy a stock and if it goes down they hold it. If it goes up they sell it. They run their losses and cut their profits.

Guess which group averages 15% return in the share market and which group returns -10%

This is a brief summary of shares as an alternative to investing in direct property. For additional information or specific guidance, please refer to the CPS Securities contact details entry at the conclusion of this publication.

MORE ABOUT THE AUSTRALIAN STOCK MARKET:

In Australia over half of the companies listed on the ASX are junior companies or Mid Cap's. 1,600 of these companies in total are listed. More than half are from the resources sector, centred in Western Australia. Around 45% of the listed companies and managed investment schemes on ASX's market were from the resources sector.

Mid to small caps can be seen as a more 'speculative' investment, limiting their ability to regularly return to existing shareholders for further contributions of capital. Placements are therefore a crucial source of capital. Analysis of capital raisings in 2011 showed that placements provided close to 70% of the secondary capital needs for mid to small caps. Smaller resource companies are typically not revenue producing, do not have access to debt

finance or venture capital. They rely on equity capital – and particularly placements – for their funding needs. Placements provide close to 70% of the secondary capital needs for mid to small caps

Mid to small cap resource companies also dominate ASX's IPO pipeline. In 2011, 108 mid to small caps raised (in total) \$3 billion by IPO. The majority of these listed with a market capitalisation of less than \$25 million.

- Mid to small cap entities account for 76% of the total number of listed companies
- They account for 6% of total market capitalisation
- 52% of mid to small cap entities are resource companies
- 186 companies actively exploring or producing in Africa alone.

MORE ABOUT CPS SECURITIES:

CPS Securities is the number one junior broker in Australia. We differ from others in a number of ways:

We focus on investment skills, performance, quality advice and service, with fees arising as a natural consequence of the work that we do. AT CPS, the horse comes before the cart.

While past performance is no guarantee of future performance it is a good start – and our year in, year out reputation is built around performance.

We often recommend putting 20% of your shares into more speculative shares which have been carefully researched by CPS. While the risks are greater, the returns are also potentially higher. We work with clients to achieve an appropriate overall strategy with risk management in mind.

From time to time there are also opportunities for clients to invest in start-up (seed) capital before a given company even seeks money for its Initial Public Offering (IPO).

Being a smaller broker than most, with a smaller client base, and advisors whose remuneration is linked to success as opposed to turnover alone, we are able to offer an improved, more personalised service.

Investment Accounting



INFINITY ACCOUNTING

Most large accounting practices are generalist in that they cater for large as well as small business and appeal to clients across the board in many different fields and industries. These practices might also have specialists with expertise in particular fields – and the value to clients is the depth of their knowledge and the extent of their industry training

and hands-on experience.

Most three to five partner accounting practices also provide generalist services, but it is very rare to find a practice with significant specialist expertise as well. Patrick Thatcher, who is senior partner at Infinity Accounting, is one such specialist in his chosen field. In his case, the specialisation is strategic, well planned – and centred on wealth creation by means of real estate and property acquisition.

"I used to work as a senior accountant for a St Georges Terrace chartered accounting firm in the mid 1990s and one of their areas of interest was rental properties. I liked the fact that investment property represented a solid asset that would appreciate over time, provide tax benefits and be less volatile than stocks and shares. You could basically use third party money to build a property portfolio, so I started to research the possibilities.

"The general accounting and tax industry is extremely broad and does not lend itself well to specialisation. When I qualified for my tax license and started my own business, I calculated that I could cover basic costs, salary and overheads by completing tax returns for businesses, trusts and super funds and create a point of difference by also specialising in property investment accounting and services. Few other accountants across Australia were taking that path, and while I was carrying out my research and due diligence I came across The Investors Club. Two leading lights in

particular encouraged me and offered to refer work in return for me educating their clients on property and taxation matters – and speaking at seminars, tax workshops and events.

"I checked the guidelines of professional accountancy bodies and since I was not recommending the methods of the Investors Club, and merely consulting as a tax adviser to members, there was no reason why I could not proceed. As a result, I was able to generate a great deal of work and build relationships with client investors who have remained loyal. We have close to 800 Investor Club members at any one time; most are in Western Australia, while many others who have left Western Australia for New South Wales, Victoria and Queensland continue to use our services.

"Clients come to us on a yearly basis to do their tax variations, and they also contact us before they buy their next property to work out the ownership percentages and check on how to achieve the best tax benefits. We are in demand and many clients like to schedule a time after their appointment for the following year. If you look at my diary, we are usually booked up for the first three months of the new financial year."

IN YOUR EXPERIENCE, WHAT TYPE OF CLIENTS ARE MAINLY ATTRACTED TO PROPERTY INVESTMENT?

"We do see a lot of fly in/fly out investors, and our clients are probably split between directors of companies and people with high incomes of between \$170,000 to \$300,000 to \$400,000

a year. A lot of these clients have a fairly wide investment portfolio made up of shares, properties, managed funds and superannuation funds. Most opt for a property as a 'must' within their portfolio because it represents long term investment. The benefit of having rental properties is not the actual income generation during the ownership period, it is mainly the growth in the equity together with the tax benefits of negative gearing which is when your expenses are outweighing the income received on the property. The loss created by the negative gearing helps the individual offset their other income and therefore claw back tax refunds.

"A further benefit is that investors can leverage from equity in their existing property to acquire rental properties."

We've seen clients build up portfolios that way, having access to \$600,000 or \$700,000 worth of equity and buying properties to the tune of one or two a year. It is certainly more difficult now because funding is hard, and banks look at loan affordability far more closely. You need demonstrate a proven savings record, clearly be able to afford the repayments and have sufficient unencumbered assets. They also look at credit cards; if you have more than one credit card you are seen to be a risk. We help our clients by completing an initial financial health check, and then keep it up to date. We look at what they have in loans, and what they have in assets. This results in an asset versus liability exercise, and based on that we are able to determine whether their debt ratio is acceptable before they even go to a finance broker.

"It has worked well for us because our client base represents well rehearsed and seasoned

investors. Most have between four and five rental properties in their portfolio, and while some are content with one or two, and we have one with 20 properties."

IN PRACTICAL TERMS, WHAT DOES YOUR PROPERTY INVESTMENT SPECIALISATION DELIVER FOR CLIENTS?

"By specialising in the property domain from a taxation point of view, you are giving specialist advice on how to apply the tax laws to property investing. We all know that negative gearing is one of the best benefits of investing in properties, but to get to the negative part you need to know what you can and cannot claim. It is a very basic proposition; what you can claim will generate the expenses. What you need to declare as an income is your rent base, and then you have the general deductions that everybody knows about – rates, interest on your loans, repairs and maintenance, accounting, strata fees if they apply and property management costs.

"What a lot of people don't focus on is the extra costs that you can include. If you are buying and financing a property, your borrowing costs are very specific costs that you incur through the banking system, and through the settlement process. There are costs that are deductible and non deductible costs, so it is very important to be able to separate those. We have specific spreadsheets that we have prepared so that our staff know what those costs are, and they are able to identify them from the information sent in by the clients.

"Deductible costs include depreciation schedules, quantity surveyors and property valuation costs, and expenses passed on by property managers which may include legal fees. The list is quite long and we prepare a checklist for all of our clients on a yearly basis. That checklist is amended and updated with any changes that the ATO puts out. One of the tools we recommend is an Excel-based worksheet which I developed with the assistance of programmers ten years ago just for property investing only. It is called 'The Rental Work Book' and is a commercial product which Russell Goodrick interviewed me about on the Channel Nine Real Estate Show some years ago.

"Around 90% of our clients use this product because it is convenient and helps them

to provide the information I require from them. If you are a property investor with multiple properties you can have up to twenty properties in The Rental Book. It records your income separate to your expenses, and categorises those expenses. It splits repairs and maintenance, because if your repairs are higher than a certain level you need to depreciate rather than writing them off fully. Instead of having to go to a quantity surveyor to prepare another report, you can actually enter the details into the software. When we get all this information at tax time, we are able to calculate the depreciation and provide the figures that we need to work with when we are sitting down with a client.

"It adds value to the service we provide, reduces the amount of time that we spend doing historical work, and allows us to spend more time on providing advice and strategic planning. To give you an example ... not long ago we had a client who had about 12 properties; six in the North West and the rest scattered around the country. He was approaching retirement age and we needed to work out which properties to offload, and which ones to keep so that we could fit his retirement plan around his portfolio. Sometimes it is very hard for people to keep information, and they do not always keep settlement statements and notes of expenses - especially if you have purchased your properties over ten years ago. The Rental Workbook had all the information we needed ... purchase dates, costs and settlement figures. These little details that we ask our clients to update when they buy each property are very valuable when the time comes to sell."

HOW DO THEY GIVE YOU THE INFORMATION YOU REQUIRE?

"Clients simply update the Workbook which they subscribe to on an annual basis. The programme is very straightforward, and as long as you know how to operate Excel, you enter figures into cells, and the Workbook calculates everything for you, provides reports, works out if your property is negatively geared or positively geared, and indicates how much each property is costing you each week. The programme is upgraded and developed every year with taxation law changes and rate changes. It is still the best programme for property investing and makes my job very easy when I get those reports.

"I would probably spend five minutes on each property, whereas if a client came in with a box or bag full of receipts I would spend an hour on a property and obviously that is a costly exercise for clients. However, they are told upfront that they need to provide us with accurate information, and we would rather spend the time advising them on the next move, or what they can and cannot do with the property, rather than spending time on typing in historical data on something which has already happened."

SHOULD INVESTMENT PROPERTIES ALWAYS BE PURCHASED AND FINANCED BY INDIVIDUALS RATHER THAN BY PTY LTD COMPANIES WHICH THEY MAY OWN?

"Each case needs to be looked at on its own merits and we recommend clients to structure their investments based on their personal circumstances. By 'structure', I mean do you buy it in your own name, or in joint names with your partner or someone else, or acquire it in a trust or a company? Companies are not very popular because they do not have the same tax concessions as individuals and trusts. The next decision is whether or not you need to protect your assets.

If you are a professional and your business is in your name, then I would really recommend that you protect your investments by separating them from the business and holding them in a trust.

"Having said that, if the properties are generating losses, ownership in a trust does not give you any tax benefit at all since losses would be quarantined in the trust. A trust distributes profits, but quarantines losses which are carried forward indefinitely until

the properties start making a profit. If you are investing in property for negative gearing purposes, trusts and companies are not ideal preferred structures. When we initially sit down with clients we carry out some detailed planning to identify the best way forward. If you are an individual who works full time for someone else and you do not have a liability or legal risk, you can then decide whether you are going to hold it in a trust or in your own names.

“If the purpose of the investment is negative gearing, you generally need to have to have it in your name. If the purpose is positively geared property, then I would suggest holding it in a trust since you have the option to distribute the income to your beneficiaries. One size does not necessarily fit all, so we seek to differentiate by specialising in the field and taking the time to actually assess each client’s situation first before we recommend a property investment strategy.”

WHAT OTHER OPTIONS ARE OPEN TO BUSINESS OWNERS?

“Directors and shareholders of small companies with four or less stakeholders have the option to establish self managed super funds, and such funds are now allowed to borrow money to acquire property. It is a costly but very tax effective process. The benefit of having property in the super fund is that when you are at pension phase, you can sell the property and it will be free of capital gains tax. The other significant benefit is that you are only taxed at 15% on any profits within the fund.

“Self managed super funds need to be put in place well before retirement age and since the costs of establishing the fund, paying its annual accounting costs and the independent auditors’ fees are likely to be over \$5,000 per annum,

the fund needs to be at least \$300,000 and ideally over \$500,000 to justify the expense and the resulting benefits. Owners of small businesses may find a benefit in choosing to purchase their premises or offices through the self managed super fund, and this is increasingly seen these days.

“In addition to high costs, business owners should be aware that the compliance requirements of operating a self managed super fund are onerous, and it is the responsibility of trustees to ensure that the fund is managed within strict guidelines – otherwise massive ATO penalties will result.”

IN TERMS OF RISK MANAGEMENT WHAT STEPS SHOULD AN INVESTOR TAKE TO PROTECT THEIR PORTFOLIO?

“I can only give you a very general comment on that. Make sure that your properties are insured adequately, and that you take out your landlord insurance. If borrowings are high, income protection insurance is a wise move. Choose your property manager carefully and make sure that your properties are in the correct name – especially if you are a recently married female taking on a new surname. Choose an accountant who is familiar with property investment and geared to process returns quickly with the aid of proprietary software – otherwise your accounting fees will be high.

“Above all, do not regard accounting as just compliance with tax law. Take the time to build a relationship with your accountant and have a discussion before acquiring a new property or selling part of your portfolio.”

Take advantage of available software to track income and expenses to keep accounting costs to a minimum. Talk about long term planning, and as property is a long term rather than a short term investment, keep an eye on the financial press, be aware of investment trends and always think strategically with the future of your portfolio in mind.”



PATRICK'S ADDITIONAL TIPS AND ADVICE FOR PROPERTY INVESTORS

- If you plan to use property as a wealth generation tool, choose an accountant who has extensive knowledge and experience in the field.
- Before you think about acquiring an investment property, talk to your accountant and work out whether it should be acquired in personal names, or in a trust or company. Bear in mind that if you change your mind later, stamp duty will apply.
- Most investors think about the tax benefits of negative gearing, but for others, positive gearing is an excellent way to generate long term income – especially after retirement.
- A self managed super fund provides small business owners with the opportunity to take charge of their own destiny – rather than relying on superannuation funds whose performance is often affected by economic factors beyond their immediate control.
- A self managed super fund also imposes massive responsibilities on the trustees involved. If you choose this path, work closely with an experienced accountant to ensure that compliance issues are met to the letter. Be aware that costs are high, but the tax benefits can be significant over time.
- Trustees of a self managed super fund can borrow to invest in stocks and shares – but they should exercise great caution by only choosing blue chip shares. The ATO may hold trustees liable for losses caused by the failure of speculative stocks.
- Property investment starts by making sound decisions on what properties to buy in the first place. Seek professional advice, and invest by using your head not your emotions.
- Take risk management seriously; do not skimp on insurance and do not extend yourself with the bank. Your portfolio should be balanced, and an astute accountant will be in a position to assist once they understand your financial circumstances and goals.
- Every case is different according to circumstances, but as a rule of thumb, property should account for between 30% and 40% of the average portfolio with the balance spread between blue chip shares, superannuation and cash. Liquidity (cash in the bank) means that unexpected liabilities can be met from reserves without the need to sell assets at an inappropriate time.

“Choose an accountant who is familiar with property investment”

Passionate about Property Investment!



GARTH DAVIS

PROPERTY CLUB (A DIVISION OF THE INVESTORS CLUB)

Business is a story! There are the famous stories such as Sir Richard Branson making his first prospecting calls in a phone box outside his school, Bill Gates building his empire from very humble beginnings and numerous other entrepreneurs starting out in their garages. The one that Garth Davis has to tell is inspirational.

It says that anyone with guts, determination, acumen and absolute desire to build a future for themselves and their family can succeed if they really want it enough.

Australia is said to be 'The Lucky Country', but this is not a story about luck ... luck does not come into it. As Samuel Goldwyn the American film producer once famously remarked: "The harder I work, the luckier I get!" and Garth's journey echoes this profound but basic truth. It is about receiving and then giving ... being mentored and then mentoring ... being offered a business model to create his own business ... and then showing others how to do the same, and supporting them.

Let us listen to what Garth has to say. "In the company of my girlfriend (now my wife) I emigrated to Australia ten years ago from Zimbabwe at the age of 35. I left reluctantly, having built a successful clothing business, but circumstances offered no other choice. I came over on a business visa, and ended up buying a service station up in Helena Valley, Western Australia. It was good for the visa, we employed lots of people, the migration people were impressed, there was plenty of turnover but very little profit, and after three years with most of my money tied up in the business, we were going nowhere financially.

"One of our employees, a young girl of 18, was earning only \$12 an hour and she and her



partner bought a house and land package off the plan. During the building process, the land value increased by \$100,000 – and there I was with all my capital tied up in my business giving me a poor return. Perth property prices had gone up 10% to 15% in that year, so suddenly the light went on, and I started to realise that property was the way to go.

"I visited property expos, started going to a few workshops and narrowed it down to two businesses with contrasting strategies and eventually decided on the Property Club strategy. This is what happens with property ... you have to conduct business with people you know, like and trust. The person that I met first was a South African, so I had a cultural connection there. When I went to my first Property Club meeting and came across a Zimbabwean and then I felt very comfortable. I decided straightaway to purchase a property, however I could not actually settle on the first property that took my interest because I was not yet a resident, so I bought two off the plans - one in Gosnells, Western Australia and the other one in Cairns, Queensland.

"One of the great things about being from another country is that you are not prejudiced about certain suburbs. You just look at the facts and figures which an investor should do. People were saying, 'Gosnells? What? You're mad! Why on earth are you buying down there?' It was the cheapest property on the stock list and I put down a \$1000 deposit with a further \$169,000 due on settlement. The property took a long time to build as it was during the boom, but when I got the keys it was worth \$300,000. My \$1000 had achieved a return of around \$130,000 and after that I was hooked! I then acquired a property in Werribee,

Victoria, and another in Kinross, Western Australia and have continued to buy properties ever since."

My property portfolio currently stands at 11 properties with a combined value of \$4,500,000." These properties are strategically placed right around Australia.

IS THE STRATEGY TO INVEST IN OTHER STATES AS WELL AS WESTERN AUSTRALIA?

"Yes, I followed the Club strategy which is to spread the properties around the country into the different property cycles. While Perth has done very little in the last four or five years other cities have been performing much better. For example, during the Global Financial Crisis (GFC), my Melbourne property went from \$250,000 to \$350,000 so that is 60% or 70% capital growth, and that was during the GFC.

"One of the key strategies is to mix up the type of dwellings in your portfolio, so you have some house and land properties as well as some units and town houses."

You need to diversify the type of properties because the strategy is to hold long term, and we cannot be sure what the demographic will want in ten or 20 years' time. At the moment, house sizes are becoming smaller because of downsizing, retirees requiring smaller properties, divorce and people having less children. Research tells us that people, especially in the Eastern States, are getting used to living in smaller units, closer to the 'action' and closer to transport.

"In Perth, there is greater demand for larger three and four bedroom properties, and rents are on steroids - at least 10% growth in the last quarter alone. Two things are driving this rental growth ... migration into Western Australia and supply not keeping up with demand at the moment.

"In addition to having units, townhouses and green title properties in your portfolio, it is strategically a good idea to invest in other States. I generally advise members to buy properties close to the main Capital Cities as country properties are great for lifestyle, but may not perform so well in terms of capital growth.



"Research is at the heart of what we do. It is taken seriously in the Club and is well resourced with 29 dedicated researchers working for and with us across the country."

PEOPLE USUALLY BUY WITH THE HEART AND JUSTIFY THE DECISION WITH THE HEAD. HOWEVER, THAT IS NOT A SENSIBLE WAY TO INVEST ... IS IT?

"No! Definitely not! My role is to take the emotion out of it, present the facts, make sure that we understand what each member wants to achieve, and then look at every acquisition strategically. Everybody's circumstances are different. The conversation might go something like this: 'What is your wealth strategy? What are your dreams? When would you like to be in position to retire and how many tax free dollars do you want to retire on each year? Are you paying too much tax? Can we help you to legally reduce your tax? The Property Club has exclusive software packages to model the retirement dates and incomes for members.

"The club also has software tools to look at the cashflow of certain properties. Once members decide that they want to go ahead and invest, we can run the numbers on specific properties to see how the weekly cashflow would work for them. At the moment, Perth properties and NSW properties are showing very good rent returns, and the holding costs after tax savings will be minimal."

THE WORD 'MENTOR' HAS BEEN RAISED. HOW DOES THAT WORK?

"I am the Branch Manager here in Joondalup, Western Australia and have a team of 12 Property Mentors who are also successful and experienced investors themselves. The term used to be 'Support Members' and both words are important because they describe the circle

of safety that we offer our members. We work for the buyer ... in other words, the member, and we mentor them and we support them. A real estate agent by law works for the vendor and they must get the highest price possible.

The Club works for the buyer and helps them through the process up to settlement and beyond.

Our point of difference is our long term support well after the property has settled.

Anybody can buy a property and get a loan for it. The issue is buying the right property, with the right loan in the right structure and then being able to hold onto that property long term, through good times and bad. That is the challenge. Property investing needs to be treated as a business, and successful businesses benefit from experienced coaches and mentors.

"We are following a tried and tested system. Our CEO, Kevin Young, has close to 200 properties, and he is the template because he has been investing for 50 years. The Club itself has been in existence for 17 years; we have sold 17,000 properties, so we have experience on our side, and significant influence in the market."

HOW DID THE CLUB START?

"Kevin Young had been investing successfully for years, retired at the age of 27 and had created a system that worked. Some of his friends saw how well he was doing, and he created the Club to give them and others a hand, and guide them in the tried and tested principles of property investment. Word got around, and the Club went interstate fairly rapidly. We work with experts in many fields to assist the members ... with finance,

conveyancing, accountancy, insurance and depreciation schedules.

"Kevin's original vision was to build a Club based on ethics and integrity, and those ethics have remained. Kevin is passionate about helping people to not retire on the pension, but to educate people so that they can take action and retire comfortably. The ethos of the club is to help members and achieve a win/win situation every time. We want the member to get a quality property at fair market price or better and we will negotiate hard with the vendors. The Club only receives a marketing fee from the vendor if the property goes through to settlement. The best part about that is everyone has to perform their job very well, in a professional and ethical way, to get that property to settlement.

"As we have physical clout around the country, we are also able to secure the best possible prices, conditions, and service, on the property management side of things. If you are a real estate agency with 100 or 200 properties to manage for Property Club members, that business is important, it is valuable and it demands customer service and attention.

"We also make it competitive. We want the best tenant, the best rent, the best management fee and the best property management service possible. The Club also offers a form of guarantee called 'RentSafe'. If you have acquired a property through the Club and we have not found you a suitable tenant within 14 days of settlement, from the 15th day onwards the Club will pay 50% of the rent. Inability to find a tenant is one of the greatest concerns for investors, so we remove that fear at source. There is no cost to the member for this service."

WHAT DOES IT COST TO JOIN AND BE A MEMBER OF THE CLUB?

"That is the brilliant thing! With the Property Club, there is no cost to the members and no ongoing costs. The Club is funded from the marketing fees paid by the vendors once properties settle. Since we can place multiple properties, our research team can negotiate at least a fair market value, or better. For example, in the case of a 20 unit development, we might negotiate to market ten units, and this enables the builder to reduce his borrowings quickly, lower his marketing costs,



and sell the rest of the units at a higher price to the open market. Our investors know that the Club only uses certain developers, and has done so repeatedly over the years. Therefore we know who to trust and we do not tend to experiment too much with new builders. It all comes back to minimising risk and building a longer term relationship."

IS 'RISK' SOMETHING THAT CONCERNS YOUR MEMBERS WHEN THE ECONOMIC CLIMATE CAN BE CHANGEABLE AND UNCERTAIN SOMETIMES?

"Yes. When we sit down with a couple, we generally find that they are thinking about an overall plan, and normally one partner will have their foot on the brake while the other partner will have their foot on the accelerator. We talk about risk management, cashflow management, income protection insurance, life insurance, estate planning, wills, landlord insurance, and we look at trying to minimise all the things that can go wrong. That is where relationship building becomes important with our Property Mentors meeting with their Club members, educating them on investing and risk management, building trust, and getting them comfortable with the overall concept.

"The point about relationships within the Club also extends to relationships outside the Club with professional advisers, brokers and property managers. These people are an important element in building a successful long term business, and we want everyone to be treated with fairness and respect."

I UNDERSTAND THAT THE JOONDALUP BRANCH IS THE LEADING PROPERTY CLUB BRANCH AT THE PRESENT TIME. WHAT IS IT THAT SETS YOU APART WHEN THE BUSINESS MODEL IS THE SAME ONE FOR EVERYONE ELSE TO FOLLOW?

"I have a wonderful team of experienced and successful Property Mentors. The main message is that this is a team game, and I could not achieve what we have achieved on my own. When you look at any business that is performing above the norm, you can say that everything is driven by the leadership, and the pace of the pack is determined by the leader. I am passionate and I am competitive, and I want to have the best branch, with happy Property Mentors and happy members. It is all about creating a happy family and being the best we can be for our members. We prefer to think that our service levels are the highest in the country – measured in response times and quality of response, knowledge and service to our members.

"Our income comes from marketing properties to our members, but only if those properties proceed through to settlement. However 95% of our work is the support and service to our members. Sometimes when new members first take a look at us, they mistake us as only being salespeople, looking for a quick sale. What they do not see until they attend one of our free workshops is that 95% of our efforts and time is about offering our free ongoing services and support. The members then become educated on how the Club works, and know that they can tap into our expertise any time they like – free of charge! We are an absolutely free educational one stop shop, and if there is anything you want to know, or if there is any question on your mind, we share our experiences, thoughts and recommendations.

"The club has about 90,000 family members around Australia and Internationally. This is a big attraction to our builders and developers who want to build their properties, sell them quickly and move on to their next development.





“So why work with the club? We have a huge reach across the country with people in New South Wales buying properties in Perth, members from Brisbane investing in Canberra, and members from Western Australia looking to invest in Sydney and Melbourne. That is where we are incredibly effective – our systems work well across the whole of Australia.”

HOW DO YOU GROW THE BUSINESS?

“Our business comes from referrals. We do not do a lot of advertising, and you would not have seen us too often on TV, in the newspaper or on radio. The referrals are warm and, unlike conventional sales, the Property Club takes a much longer and detailed process, but it is a safe, tried and tested process.

“Within my branch, there are 12 property mentors with a lot of diversity in background. Many are migrants, and they are in the best possible position to reach into their communities and bring people along to our get togethers, workshops and social events. We find there are a lot of migrants who have arrived in Australia in their 30’s, 40’s or 50’s. They do not have much or any Superannuation and they soon realise that they need to take action because they do not want to be retiring on the pension.

“We are very focused on building strong relationships with our members. We are not trying to get members investing in one property only; we are trying to help members build up a property portfolio of about seven properties over a 10 year period. That is done one little step at a time, at the member’s own pace.

“To continually grow that relationship with the members we have free ongoing educational workshops on property investing with many of

the best national and international speakers. We also do a lot of social functions for our members which they love. We have organised property tours in Perth and in the Eastern States. We have tenpin bowling nights, quiz nights, bingo nights, Africa theme nights, Bollywood dress up night and dinners, Swan River sunset cruises etc. The Club is very social and the members love it because it is a fun and relaxing environment for them, and they like to share their investment stories and experiences with other members. With teamwork we all get great results.”

WHAT IS CLUB CARES?

“The Club has a charity arm to the business which is called Club Cares. The Club raises funds to help out people who are in distress or in need. We are very proud of the ongoing support and help Club Cares has been able to give to desperate people in the community.”

WHAT IS YOUR VISION FOR THE FUTURE?

“I just want to keep growing and continuously improve what we do. That is why we are the top branch in Australia - because we are always aiming to be better than we were last year. The great thing with the Club is that there is no competition between branches, and no poaching members from other branches ... in fact the opposite is true. The Property Club culture is to work together, as one extended happy family, assisting each other, sharing information and lending a helping hand to one another. All the cooperation and teamwork is what makes the Property Club strong and successful.

“I am very energised about what I do, and I eat, sleep and drink property. I love it! My Property Mentors also have that passion too. Whenever possible, I assist in helping and coaching the other branches because if they do well, it makes me lift my game. I believe in abundance - there are enough properties to go around, enough wealth to go around and my main goals now are around supporting charities. I am very interested in supporting community-based projects, encouraging children to play sport and giving back. If you give, you will get back”.



GARTH DAVIS'S TIPS AND ADVICE FOR PROPERTY INVESTING

- Do not try and do it all by yourself. It is like anything in life – you are going to learn from one of two things. You are either going to learn from mentors, or you are going to learn from mistakes. The Property Club is all about mentoring and showing members how to identify and avoid the pitfalls and traps - and there are a lot out there.
- Create a strong team around you, a team of quality advisors. A quality Property Mentor, quality accountant, quality finance broker, etc. Create a circle of safety around yourself.
- Diversify the types of properties you buy by accumulating units, townhouses and green title properties to your portfolio and strategically positioning them around the country.
- The best tax advantages accrue from strata titled properties - units, townhouses and villas. This is because you can claim tax deductions for depreciation on the building, but not on the land component – and land is a large component of most green title property.
- Make sure that you have in place your life insurance, your income protection insurance as well as landlord insurance and building insurance.
- Remember that property is a long term investment. Be Patient! Property is a very poor short term investment, but a very good long term investment.
- You can try and navigate the minefield of property investing on your own, or better still, join the Property Club and tap into all the ongoing service, support and knowledge which is available to all members. After all, it is free to join and ‘we alone protect buyers!’

“Property investing needs to be treated as a business, and successful businesses benefit from experienced coaches and mentors.”

Depreciation Schedules



MAXIMISING THE BENEFITS OF PROPERTY INVESTMENT

DEPWEST

Owning rental property is a great way to create wealth, establish a stream of residual income and legitimately reduce tax by means of negative gearing. However, rental income is only part of the story when it comes to achieving a return on capital. Without an ATO approved depreciation schedule based on a licensed property inspection, owners forgo a massive part of their potential income stream – it is rather like forgetting to charge a large part of the weekly, monthly and annual rent.

What property investor in their right mind would do that? Well, according to Depwest's Colleen Jackson, an estimated 75% to 80% of rental property owners do not use depreciation schedules, thereby disadvantaging themselves right from the outset by not taking full advantage of negative gearing benefits.

Depwest is a leader in this State, a proudly Western Australian company founded by Colleen Jackson to provide an exceptional level of service to WA-based clients who also own rental properties in the Eastern States. In answer to a question about why such a small percentage of property investors take advantage of depreciation schedules to maximise tax benefits, she had this to say: "It is a startling statistic, and it comes down to educating the marketplace."

"There is increasing awareness in the accounting profession now. More accountants are advising clients to get a fully ATO compliant depreciation report, whereas in the past they might do the work themselves without inspecting the property, and only claim for the obvious items such as air conditioners. Therefore, in many cases, the tax benefits of owning a rental property were not being maximised."

WHAT IS ACTUALLY INVOLVED IN THE KIND OF PROPERTY INSPECTION YOU UNDERTAKE?

"We make an appointment with the owner, tenant or property manager, measure the building, and sight all the plant and equipment. We have to find out how many square metres of carpet and floorboards, and detail curtains, blinds, dishwasher, cook-tops, air conditioner,

outside paving, pergola, retaining walls, garden shed and pool and so on. We start at the front door and work our way to the back of the property, and then we inspect all the outdoor items that can be depreciated."

WHAT ABOUT THE STRATA TITLE SITUATION WHERE YOU HAVE AN APARTMENT LOCATED WITHIN A MUCH LARGER BUILDING?

"In the case of apartments, it is just the same as a house but with the common areas taken into account. For example, if there are ten units, your client is apportioned 1/10th of that common area. We then go through the whole complex to see if there are pools, gyms, barbecues, lounges in foyers and so on."

DOES DEPWEST DO THAT WORK, OR DO YOU COMMISSION BUILDING INSPECTORS?

"Depwest handles all the inspection and paperwork internally. We use advanced software which automates the process of completing each depreciation schedule, and it is just a matter of inserting all the measurements we have taken into the programme. In an industry where delays of many weeks are commonplace, we have built our reputation on fast response times and excellent customer service. As we are a West Australian based company, we are able to serve our clients in this State on a priority basis, and it makes all the difference locally."

IS THE FABRIC OF THE BUILDING ITSELF DEPRECIATED?

"Yes, at the rate of 2.5% per annum for 40 years which is a straightforward calculation for the accountant. The real benefit of a

depreciation schedule is to calculate the write offs for plant and equipment which are generally achieved over a five year period. That is where the schedule, which is a tax deductible service in its own right, more than pays for itself. After that time, you are basically just depreciating the building."

SINCE LAND IS NOT PART OF THE EQUATION, HOW DO YOU ESTABLISH THE VALUE OF THE BUILDING ITSELF SO THAT IT CAN BE DEPRECIATED?

"We have an account with the Valuer General's Office, and they provide us with the land values we require. It then becomes a simple matter of subtracting the land value from overall property value to arrive at the building component for depreciation purposes."

WHAT HAPPENS ABOUT DEPRECIATING PLANT AND EQUIPMENT WHEN YOU BUY A HOUSE WHICH IS OVER FIVE YEARS OLD?

"In that case, the plant and equipment is re-valued. If the property is five years old, you have missed out on five years of building depreciation but your right to depreciate fixtures and fittings is unchanged. Even if you buy a heritage listed building which is over 100 years old, and rent it out, you can still depreciate the plant and equipment – for example the carpets which may be say 30 years old."

"If you are renovating a property for rental you are better off to get your depreciation schedule **organised** and completed before you do your renovations, and then you can claim the renovations after that."

"Astute investors understand that they achieve the maximum benefit from purchasing brand new property which can be fully depreciated over a 40 year period."

ARE ALL DEPRECIATION SCHEDULE PRODUCTS ACROSS THE MARKET PLACE ATO APPROVED?

"They certainly should be, and Depwest's are. Any company in our industry must be a registered tax agent now. That law was brought in over two years ago."

WHAT SHOULD YOU EXPECT FROM YOUR DEPRECIATION SCHEDULE PROVIDER?

"Quick turnaround is essential and we also pride ourselves on providing excellent



customer service. We premise this on clear, proactive communications. Sometimes tenants are awkward and make life difficult when it comes to inspecting the property, but issues can always be resolved by keeping owners or property managers fully informed. At one extreme, some tenants need to be sent seven day letters by owners, and at the other, laid back tenants offer to leave the back door open for us ... it takes all sorts!"

HOW LONG, ON AVERAGE, DOES YOUR PROPERTY INSPECTION TAKE?

"We allow around half an hour for the inspection of a new, or nearly new property. If it is an older property with renovations to take into account, it generally takes a little bit longer. When it comes to high rise or strata properties with common areas, the inspection may take well over an hour depending on the extent of the common areas and commonly shared facilities. We use a laser measuring tool which definitely saves a lot of time."

HOW IMPORTANT IS ONGOING CUSTOMER SERVICE OVER THE LIFE OF THE SCHEDULE?

"The report only needs to be done once unless

there is a major renovation or substantial damage, such as a fire, resulting in a major rebuild. If there is an improvement, such as a pergola, the owner can either give the receipt to their accountant, or if they do their own tax, we will prepare an addendum report for them as part of our service."

WHAT CAN AN OWNER EXPECT TO PAY FOR A DEPWEST DEPRECIATION SCHEDULE?

"The cost is a once off, fully tax deductible \$495 across the Perth metropolitan area. Different prices apply in the North West and in the South of Western Australia. The price is not based on the value of the property which could be worth anywhere from \$300,000 to \$3,000,000 – and the same price applies for free standing properties, strata title villas and apartments. "The only exception to that is commercial buildings, which may contain massive plant and equipment such as cranes, lathes and other machinery. We price such work on a case by case basis."

CAN FURNITURE IN A RENTAL PROPERTY BE INCLUDED IN THE DEPRECIATION SCHEDULE?

"Yes. For example, some City apartments are purchased fully furnished for tenants, and the furniture can be claimed. When landlords buy furniture themselves to rent out with their

property, we need a list of what they have bought with receipts."

WHEN AN INVESTOR PURCHASES A NEW INVESTMENT PROPERTY, AT WHAT STAGE DO THEY ASK FOR YOUR ASSISTANCE – AND WHAT IS THE PROCESS?

"As soon as they gain access to the property, they should call us. We then open a file and either direct them to our website to download the forms – or we send the forms to them. Nine times out ten we deal with a property manager, and arrange to inspect the property. The schedule is then generated within two working days and we either email it to them (for on sending to their accountant) or we send it out in the post."

"All Depwest schedules are backed up and archived on our servers and at tax time we often receive calls from people who cannot find their schedules. Regardless of the original date, we just need their name address for us to locate their report and email it to them."

CAN YOU ASSIST INVESTORS WHO PURCHASE PROPERTIES IN OTHER PARTS OF WESTERN AUSTRALIA AND EASTERN STATES?

"Yes. We have relationships with depreciation schedule companies in other States of Australia, and provide a similar service for

them when they need work carried out here in Western Australia. I have close ties in Melbourne, and generally do those inspections myself.

"I also have a full time dedicated contractor in the North West since there is so much building and property investment interest in that region. He operates exactly to the same guidelines as I do."

WHAT HAPPENS WHEN YOU FIND A STRUCTURE WHICH MAY HAVE NO PLANNING PERMISSION DOING THE INSPECTION PROCESS?

"This generally only applies to pergolas and sheds – and we make a note on the file that we have been requested to include these items in

the schedule. When we are asked to include pools, the ATO ruling stipulates that you have to identify the original cost, and if the receipt is not available we cannot include it. We may be asked for an opinion, but we do not give advice – that is always the responsibility of the client's accountant."

IF YOU HAVE LEFT SOMETHING OFF YOUR SCHEDULE, CAN YOU BACKDATE A CLAIM?

"You can backdate up to four years depending on the taxation structure which your accountant has established for you. In the worst case scenario, you can generally backdate two years - and your accountant will be able to advise you."



TOP TIPS FOR INVESTORS AND PROSPECTIVE INVESTORS WHEN IT COMES TO DEPRECIATION SCHEDULES?

- If you do not have a depreciation schedule, you are going to miss out on money. It is like not having a tenant in your house. Many of the 70 to 80% who have not invested in a schedule are Mums and Dads with just one property – and it is often still well worthwhile having one drawn up.
- By investing in a depreciation schedule, you can put the tax savings towards purchasing another investment property – and that is how many astute investors build their portfolio and their wealth creation programme.
- Some people think it is all too hard, but we need to stress what a simple and straightforward task it is for the owner. We need your name or names, the contact details of the person managing the property, its address, settlement date, purchase price, and (if known) the construction and completion date.
- In the case of older houses, we have various means of establishing this information – and the date power was connected is an example. Councils are able to provide the dates when planning permission was granted for pools, renovations and other significant structures on the property, and it is our role to research this information and include it in the schedule.
- Once the house is settled, call us and arrange the depreciation schedule before tenants move in. This saves disturbing them, saves your time and enables the accountant to have the figures to hand ahead of time instead of leaving it to the last minute.
- When commissioning a depreciation schedule, always make sure that the product is ATO approved, and that the provider is a Registered Tax Agent – otherwise the report will have no standing.

Depwest Property Depreciation Schedule

- On-site inspection of the total property and common areas by a tax depreciation specialist
- Both prime and diminishing value methods of Depreciation
- Immediate write off assets
- Low value pooled assets
- Capital work deductions
- Structural improvements
- Furniture and furniture packages
- Common property assets
- 2 day turnaround from day of inspection
- Depreciation schedule lasting the life of the property



Depwest Post Purchase Addendum Depreciation Schedule

(Assets which are purchased by the investor after settlement, not part of the purchase)

- Prime cost asset depreciation
- Diminishing value depreciation
- Immediate write off assets
- Low value pooling assets
- Furniture and furniture packages
- Capital works depreciation
- Repairs and maintenance schedule



Financial Planning



COVERING ALL WEALTH CREATION AND ASSET PROTECTION ANGLES COMPLETE FINANCIAL PLANNING

Companies that achieve, and continue to maintain, great reputations for ethics and reliability in the marketplace, do not achieve those accolades by accident. It always comes down to excellent leadership, courage and high personal ethics based on a determination to do 'the right thing' by others.

In 2002, when Colin Oliver, a successful financial planner, with a long track record with one of Australia's top four banks, was called into his regional manager's office he was in for a shock. He had built the bank's business and client loyalty over many years across the Western Australian country areas where he was well known by everyone.

In a stroke of cynical ignorance, the regional manager explained to Colin that he would no longer be servicing the extensive client base that he had built up over many years. He was told that his existing clients would be handed over to a review planner to be serviced and that he was only to write new business in the same country areas! In fact, he was told that he would no longer be able to make any contact with his existing customers since they belonged to the bank, despite the fact that virtually all of them were personal friends.

At the end of that meeting, Colin stood up, resigned and embarked on a new career by starting his own financial planning business within a franchised network. As a licensed financial services planner he was not allowed to contact his previous customers. However, the bank had always expected him to pay for his own mobile phone, therefore his existing

customers could still call him, and after word had got around, they started to contact him. The bank had sent letters to all the country customers explaining that Colin was no longer handling their accounts and that a new person was taking over. To their cost, the bank soon discovered that country folk would remain loyal to Colin, the person they had known and trusted over many years.

When another bank later acquired the franchise network and expected Colin to restrict his clients to a narrow, in-house product range, he once again declined to compromise his principles by placing valued client relationships at risk. The cost to personal and corporate integrity was, quite simply, too high – and as a result, Complete Financial Planning went out and applied for its own Dealer's License in 2004. Led now by daughters Emma Oliver and Kathy Boland from a delightfully restored period house in Spring Park Road, Midland, Complete Financial Planning operates a second generation business built on the sure foundations that Colin created over 22 years ago.

Indeed, it soon became evident that Emma and Kathy have the same glint in the eye, and the same drive and determination as their father in the service of their clients.

WHY, WE ASKED, SHOULD PEOPLE SEEK THE HELP OF A BOUTIQUE FINANCIAL PLANNING PRACTICE – RATHER THAN GO TO A BANK?

Emma and Kathy jumped all over this question, more or less at the same time.

"Banks tend to offer an inflexible and limited suite of products. By having our own Dealer's license we can control what we offer our clients and also choose what is on our

approved product list, adding or removing products to suit client needs. If we can find our client a better product with superior benefits or a cheaper option depending on what they require, we will do so. We have full freedom of movement to serve the clients as they should be served. To the best of our ability, it is all about giving our clients, who trust us to represent their interests, a choice."

ASIC HAS RECENTLY CHANGED THE RULES UNDER WHICH FINANCIAL PLANNERS OPERATE, THUS MAKING COMPLIANCE EVEN MORE ONEROUS. WHAT ACTUALLY IS THE BENEFIT TO THE END USER?

"The main benefit for clients is transparency of fees and overall protection of the consumer. We have always disclosed our fees prior to the recent legislated changes. However, many corporate superannuation funds clients did not know that they were paying an adviser a trail commission. From 1st of July 2013 if an adviser is being paid a fee or commission they will now need to contact the client on an annual basis and say in effect: 'This is how much we have been paid for the past financial year for the following services'... and every second year the clients will need to **Opt In** and sign a document stating that they are happy to continue using our services. From that perspective, the changes will be helpful for the end consumer. In contrast, from our perspective, we rebate the trail commissions anyway and charge our Adviser Service fees separately. On their statement, clients will see an administration fee, an investment fee and an adviser fee. There is an additional compliance and administration burden for us and all other financial planners to cope with, but that is the price of creating a more transparent industry.

"The legislation will penalise advisers who decide to buy a practice, purchase a large book of clients and then never actually provide any service to those clients, or see them face to face. We have never bought a book of clients; we have only ever had referrals from existing clients and referral partners and we service every single one of them."

HAS THE NEW LEGISLATION CREATED ADDITIONAL COSTS FOR COMPLETE FINANCIAL PLANNING TO COPE WITH?

"Yes. Most providers provide a rebate of their fee back for using their product. In the past

we used that, to help subsidise what we were charging our clients. Now ASIC states that receiving volume bonuses creates a conflict of interest, but since all providers offer the same kind of bonuses to us, we do not see them as a conflict of interest at all. Coupled with that, since a large portion of the bonuses go to AAP who provide our regular training and do our external compliance audits, we will now have to charge clients more as we will be having to pay directly for those other services. In that sense, the cost of running our business has gone up, and we have to charge clients accordingly."

ARE CLIENTS GENERALLY CLEAR ABOUT WHAT THEY WANT?

"Every client is different; some come to us with a clear vision of what they want to achieve and other clients come to us wanting our help to get ahead but not knowing how to arrive there. Once we determine what personal and financial goals they want to achieve, we formulate a plan to achieve those goals. The products are then researched and selected, as we need a vehicle to achieve what the client wants, and it is up to us to configure the best options.

"We ask questions such as 'What kind of benefits do you need? What features do you want? Do you require online access? Would you like transparency with the underlying investments and or add direct share access.'"

WHY IS CHOICE SO IMPORTANT?

"With some superannuation funds, you only have the option to hold your funds in a multi manager option and their own group insurance option - whereas other providers allow clients to have a number of individual different investment options as well as different insurance providers. Choice also means being able to look at the bigger picture, and wherever possible, take advantage of fee aggregation on platforms and multi policy discounts. For example, some platforms allow you to reduce administration fees when a number of family members are covered at the same time. Certain plans allow you to calculate the administration fee on the combined, rather than the individual, balance."

WHEN A NEW CLIENT COMES TO YOU FOR ADVICE, WHAT IS THE PROCESS?

"When we meet first meet with a client, we go



through a fact-finding document that enables us to get a holistic view of their situation by asking all necessary personal and financial questions. This first meeting usually take one to two hours and we do not charge for the initial interview as we want to make sure that we are able to add value to their situation. At the end of that meeting, we have a broad base of information and have drilled down into what their desired goals and objectives are. By that time we understand their overall situation, and know whether we can add value to it or not.

“If we can add value, we sit down and say ‘Look, this is what we feel we can add to your situation.’

We now need to research and compare different scenarios and come back to you with our recommendations.’ We call this a ‘Statement of Advice’. The Statement of Advice can take anywhere between ten to 20 hours to put together and it is up to the client whether they accept our recommendations or not. If after presenting our recommendations in the Statement of Advice the client is happy to proceed with our recommendations, then we start the process of implementing all paperwork.

“We have flat fees for both the Statement of Advice and Implementation (based on the time and amount of work involved) – and in both cases the fees are agreed upon before we commence work. During the implementation stage the clients are kept up to date all the way through the process and we carry out the first review after six months. We use that meeting to ensure that everything is in place, and that there have been no changes to circumstances. After that, based on our research and the complexity of the overall plan, we carry out review meetings at least once a year for which a fee is charged.”

DOES THE COMPLIANCE LEGISLATION REQUIRE YOU TO DO AN ANNUAL REVIEW OR REGULAR REVIEW?

“Not yet, but that does seem to be the thrust of the legislation, so it is only a matter of time in our view. Quite apart from that, it is really important to catch up at least annually because things change all the time - people get married or divorced, have babies, increase income and take on new debt.

“Occasionally, people say they are too busy and keep putting the appointments off and in those cases we write to them advising them of their portfolio performance and this will often prompt them to come and see us.”

AT WHAT AGE DO YOU RECOMMEND YOUNG PEOPLE START TO CONSIDER FINANCIAL PLANNING AND GETTING PROFESSIONAL ADVICE?

“As soon as someone starts earning an income and having superannuation paid by employers – even before the age of 18 if they have left school early. If you plan early and get into the habit of saving and managing your affairs in a structured way, you will be in a much better position to invest in property and build wealth later on.

“We are currently working, with other professional colleagues, on a possible financial literacy programme for High Schools with Curtin University and the Association of Financial Advisers. We are working towards getting some training and practical courses into Year 11 and Year 12 just to try and give students an idea on what superannuation is, how to start saving, how to avoid crushing credit card debt and what they need to look for when they leave school and get into the real world.”

WHEN CLIENTS COME TO YOU, THERE ARE A NUMBER OF KEY AREAS THEY NEED TO CONSIDER – AND EACH OF THOSE IS POPULATED WITH SPECIFIC PRODUCTS. WHAT ARE THE KEY AREAS THAT NEW CLIENTS SHOULD CONSIDER IN BUILDING WEALTH AND PROTECTING ASSETS?

“The first would be **Life Insurance** which is paid out to your family and dependents as a lump sum should you pass away. Life Insurance is there to pay off debts including mortgages and provide a lump sum, which can be invested to generate an income for dependents.

“With all insurances there are two different types of policies. The first, a stepped policy, means that every year as you get older, that policy is going to increase and the premiums will also increase. With the second, a level policy, the premium is set and increases are in line with the Consumer Price Index. The average crossover period for a level policy is about seven to eight years, so you would have to have the policy in effect for that time

because that is when the stepped policy becomes a lot more expensive than the level policy alternative.

“The younger you are when you take out your first policy the better, you are likely to be healthier and fitter, so your premiums are not going to be loaded, and you are far less likely to have health exclusions.”

‘Trauma is another a lump sum policy which is paid in the event of you surviving a specific trauma such as heart attack, stroke, cancer, MS and other debilitating disease. Trauma insurance works alongside private health insurance, which does not cover all of the expenses involved in suffering a major health ‘event’. It gives you a lump sum to help cover the cost of medical bills and it helps to relieve the overall financial burden. It means not having to worry about paying bills and allows insured people to concentrate on recovery rather than stressing about financial hardship.

“Income protection is probably one of the most important products for people who have taken on responsibility and debt. The whole point of this insurance is protecting your income, assets and your current lifestyle. If you have income protection insurance in place and suffer an accident that leaves you unable to work for six to 12 months or indefinitely, there is no need to ‘fire sale’ investment properties or even the family home to pay off debts and cover ongoing living expenses as you will be getting up to 75% of your income as a monthly benefit.

“Some people think that Workers Compensation Insurance covers everything, but it will only cover you for an accident at work and will not cover your full income. It does not cover you for illness, and it does not cover you if, say, you are out surfing and hit your head on a rock. Income Protection will cover you no matter where you are or what accident or illness has occurred. The cost is usually in the region of 1% to 2% of your annual salary, depending on your occupation and the level of risk and the premiums are also tax deductible”

DOES LIFE INSURANCE ALWAYS REQUIRE A MEDICAL EXAMINATION?

“Underwriters will look for a series of health indications before making that decision. If you give your date of birth, height, weight, whether you are a smoker or non smoker, whether you drink a lot of alcohol regularly, and your answers to a range of medical questions indicate that you are healthy and a good risk, you may well be accepted without a medical examination. This is just another reason to commence your first policy in the bloom of youth!”

IF YOUR CIRCUMSTANCES CHANGE CAN YOU JUST ADD TO THE SCOPE OF YOUR POLICIES?

“Generally when you apply for an increase it can become a whole new policy. However, certain products allow you to increase your benefit amount by 25% every three years without underwriting. If you have undergone a major change – new child, death, marriage or increased debt – such policies allow you to improve the cover of your existing policy with the payment of an increased premium.”

MANY PEOPLE READING THIS BOOK WILL BE EITHER WORKING FROM HOME, OR OWNING COMPANIES WITH WORKING DIRECTORS OR PARTNERS. WHAT PRODUCTS SHOULD THEY CONSIDER IN ADDITION TO THE PRODUCTS WE HAVE DISCUSSED ABOVE?

“When we first talk to clients who are in business, we add a series of questions to the list. For example, in the case of a company with several working Directors whose partners are not actively involved in the business we need to know what happens if one of the Directors dies or becomes incapacitated.

What happens about their wife or partner who has lost an income stream and cannot step in and make a meaningful contribution to the business?

"In such circumstances, Life, Total and Permanent Disability Insurance and also Trauma Insurance policies should come in to play – but those policies are not the complete answer. To ensure that the business can continue, you need a Shareholders' Agreement drawn up by a lawyer, and part of that should be a Buy/Sell Agreement with life insurance to back it up. If one of the Directors dies, the agreement would be triggered – the partner would be bought out for a stipulated sum with the surviving Director(s) owning the business in its entirety.

"When it comes to business insurance, the company accountant needs to place a value on the business at the time the policy is taken out, and the role of the lawyer is to draft the agreement in such a way that the value can be calculated in the future – otherwise disputes are likely to arise. That is when the business owners come to us and we work out the required insurances - what cover is required, and who owns the policies. The agreement needs to cover all angles of death, illness and disability, and include event triggers."

WHAT HAPPENS WHEN A COMPANY RELIES ON THE SKILL AND EXPERTISE OF JUST ONE OR TWO PEOPLE – AND THEIR LOSS WOULD HAVE CATASTROPHIC CONSEQUENCES?

"This is called **Key Man** insurance and is, in effect, a life insurance policy carried by the company that enables them to replace that critical member of staff and locate/employ an adequate replacement either from within Australia or overseas. The need for Key Man Insurance should show up under the 'Threats'



section in the SWOT analysis of your business plan.

"In addition to this cover, small businesses should be aware of **Business Expenses Insurance** which is an important product. In the event of illness or temporary disability, this insurance covers the cost of office rental, phones, Internet and other fixed costs for a period of 12 - 24 months. It means that the business remains intact and viable pending the recovery and return of the life insured.

WITH THE EFFECTS OF THE GFC STILL BEING FELT PEOPLE WITH SUPERANNUATION WHO LOOK AT THE VALUE OF THEIR PORTFOLIOS GOING BACKWARDS WONDER WHETHER 'SUPER' IS REALLY WORTHWHILE. WHAT PART DOES SUPERANNUATION PLAY IN LONG-TERM WEALTH CREATION?

"The important thing to remember is that superannuation is just the structure, the same underlying investments would have still underperformed if they were held outside superannuation.

Superannuation should always be considered as part of the wealth creation mix.

We discuss superannuation as part of a typical Statement of Advice, looking at the different strategies, risk profiles and intended outcome as each case is different.

"Everyone has a different risk tolerance as well, so if a client is coming up to retirement, the client will not need or want 100% in growth assets such as Australian shares, international shares and property because they will need to draw an income, so we need to talk to them about income producing investments. People are sometimes afraid of super, but as long as it is structured and diversified correctly to minimise risk, super is a long term, underpinning investment that will stay with you until the day you die."

WHAT DOES THE PHRASE 'TRANSITION TO RETIREMENT' ACTUALLY MEAN?

"When many people reach their 50s and 60s they start to think about retirement. We take a strategic approach, examine options with superannuation, and consider salary sacrifice in order to reduce tax and increase contributions.

Some people are just toying with the idea and want general advice so that they can plan. Others do not want to retire fully, so it is always up to us to ask pertinent questions, listen actively, and empathise with our clients. Retirement can be exciting and scary at the same time – and the main thing from our perspective is to understand the overall picture, appreciate the goals, and provide flexible options."

HOW DO YOU SEE THE ACQUISITION OF PROPERTY INVESTMENT FITTING IN TO MOST CLIENTS' WEALTH CREATION PLANS?

"Buying property invariably means taking on more debt, and since mortgage insurance offered by the banks only covers part of the equation, it is vital that we discuss the other insurances noted above – especially income protection.

"We cannot give direct advice relating to property acquisition or disposal. Our role is just to ensure that if our client acquires property, all the insurance bases are covered in the event of health or other disastrous events. Similarly, we do not give advice on the acquisition or selling of shares as this should be in the hands of a stock broker."

WHAT SHOULD A POTENTIAL CLIENT LOOK OUT FOR IN CHOOSING A REPUTABLE FINANCIAL PLANNING PRACTICE?

"The Financial Planner should be a member of either The Association of Financial Advisers or the Financial Planners Association. Membership of either body means that a Code of Practice and Ethics underpins the work of the practice.

"Experience is also vital, and years of successful business operation is another indicator. You may well find that a boutique financial planning practice will offer you better, more personalised service. If in doubt, always ask for testimonials or the opportunity to speak to other clients. An excellent Financial Planning firm will always be open and welcoming when it comes to client due diligence. It is an important step in building trust, and that is a word that resonates strongly with Complete Financial Planning."



EMMA & KATHY'S TOP TIPS FOR FINANCIAL PLANNING:

- Make sure that you are dealing with a Financial Planner who operates under a Code of Practice from the Association of Financial Advisers (AFA) or the Financial Planners Association (FPA).
- If you are thinking about accepting advice from a bank, consider talking to another Financial Planning firm as well before you make a decision – rather than after it. Banks want to sell you their own products, and these may not necessarily provide the best, most flexible options for your individual circumstances.
- Look for a strategic long term approach rather than just investing in products on a whim. Sound advice can only be provided on the basis of accurate information. Regard the 'Statement of Advice' as an investment in your future – the first step in planning for the creation of wealth and the protection of hard-earned assets'.
- If you are investing in property, factor in income protection as well as other insurance premiums into your overall costings – otherwise your dream portfolio could become a nightmare for your family in the event of death, disability or illness.
- If you operate a small business, it pays to talk to a lawyer about a Shareholder Agreement, and once the agreement is signed, back it up with life insurance so that the buy/sell options can be triggered.
- Review your financial plan every year. Take the time to speak with your broker about your financial position so that you can allow for changes to income, lifestyle and goals to be included. Your Financial Planner may be able to improve your coverage once they fully understand your revised situation, so it is always worth the time and effort.

Strata Management



STRATA PROBLEMS? STRATACAM SOLVED! STRATACAM

After thirty years of working in the highly competitive real estate industry in Perth, Brian Rulyancich, opted for a change in direction – one of those sea changes/tree changes - that saw him make a move from real estate agent and change to the supposedly less stressful field of strata management.

Now, anyone who has had any experience in strata management will tell you that it can be quite a stressful job dealing with a lot of different people literally living 'under the one roof' – all with diverse ideas and agendas. However, when you talk to Brian, he will tell you that, with the right approach, the right structure and the right attitude, it is not really stressful at all.

These days, Brian's base is down south in rural, regional Busselton. He moved there from Perth in 2007 when he started Stratacam, but he still looks after the strata management for a number of owners in Perth. Development size isn't a problem either to Brian, with the properties he manages ranging from as few as four units up to large complexes comprising 130 units or more.

According to Brian, the key to success in strata management is to be a patient listener and a 'people person' – someone who is flexible and understanding, not dogmatic. Someone who knows how to skilfully resolve issues calmly and professionally.

Now that sounds like the sort of strata manager everyone would love to have on

board. Brian's straightforward slogan on his website reinforces his management style and probably says it all ... 'Strata problems? Stratacam solved!'

We started with a question that goes straight to the core of strata management and that question is about structure:

THERE ARE QUITE A FEW DIFFERENT TYPES OF STRATA TITLES, WHICH ARE A BIT CONFUSING TO THE LAYPERSON. WHAT ARE THE DIFFERENT TYPES AND WHAT DOES EACH COVER?

"There are two types of schemes permitted under the 1985 Strata Titles Act - strata schemes and survey-strata schemes. Strata Schemes are the original form of 'strata scheme' (strata plan), commonly known as a 'built strata'. At least one building must be shown on these strata plans and the boundaries of the strata lots, including the height of the lots (stratum) are defined by reference to the building.

"Lot boundaries are shown on the floor plan of the strata plan and the wording on the floor plan must be read in conjunction with the sketch to work out the lot boundaries.

"With survey-strata (land strata), no buildings are shown on a survey-strata plan, even though there may be buildings on the survey-strata lots. The boundaries of survey-strata lots are surveyed by a licensed land surveyor and shown on the survey-strata plan. The lots on a survey-strata plan look the same as lots that are shown on surveys (deposited plans, plans and diagrams) for non-strata freehold titles.

"Survey-strata lots may, or may not, be limited in height. The height of a lot may be limited for a number of reasons – for example, to protect a neighbour's view. These schemes can also

have common property. If there is any common property it is separately numbered as a lot and has the letters 'CP' on it.

"Both schemes are governed by the Strata Titles Act and associated by-laws, common property, strata company, and structural alterations."

WHERE DOES A GREEN TITLE FIT? IS A GREEN TITLE JUST ANOTHER TYPE OF ORDINARY LAND TITLE?

"Yes, a green title is an ordinary title to a piece of land. Every strata development starts off as 'a green title' because of zonings. Local government will then allow you to develop that green title into 'X' number of lots, which gives you the ability to strata it.

"So one developer says 'we're allowed to put 'X' number of lots on this, we'll now strata rather than just build one house on it, or maybe divide it up into two?' Or another might look at it and say 'let's create three green titles'. Then it comes down to infrastructure and services.

"With a strata complex, you only have one set of head works. One power source to the site, one water connection, one sewerage out and so on. But if you decide on a green title, you have to duplicate these services for every title.

If you strata it, it's one, so theoretically, if it is a two-lot strata, you cut your costs in half. You've just got to reticulate everything through to the two lots.

"So the option is strata and because one of the buildings was already on the site, the option I'd choose would be 'built strata', because it is the more flexible option."

WHERE THERE ARE FOUR PROPERTIES OR LESS IN A COMPLEX, CAN YOU AVOID CREATING A STRATA COMPANY?

"A strata company is mandatory; you cannot get around not forming a strata company if it is a multiple development."

EVEN IF YOU HAVE ONLY HAVE THREE UNITS?

"The strata company still has to exist. What The Act says is that if you have a two-lot development, which is a duplex, you do not

have to have meetings, you do not have to keep books of accounts, you do not have to have an administration fund and you do not have to have a reciprocal strata company mail. That's automatic for a two-lot development.

"Owners can do things such as individually insuring their own properties, but they are still better advised to collectively insure on a built strata basis, for the simple reason that you get a better deal. However, you have to have someone nominated to collect individual contributions when the time comes to pay the premium.

"You can opt out of certain things, but there must be a by-law in place if you are a three, four or five unit complex. Depending on the type of development where units are single-tier, you have the ability to opt out. If all your units have one common wall, butting up and under one roof, you're going have 'World War III' when things go wrong in regards to roof leaks and issues of that nature.

"Under a Survey Strata, the Act says that you insure individually under a survey strata, unless you all collectively agree to insure under one."

IN WHICH CASE IT NEEDS TO BE A BY-LAW?

"It's in the Act, so a meeting is needed where all resident owners agree to effectively insure the entire place under one roof, but each owner has to sign off on it."

LET'S SAY, FOR EXAMPLE, I HAVE A LARGE BLOCK IN MAYLANDS WITH A NICE OLD HOUSE IN THE FRONT, ON A BATTLEAXE BLOCK. WHAT WOULD YOUR ADVICE BE IN TERMS OF GETTING A STRATA DEVELOPMENT ORGANISED FOR THE BACK SECTION, ASSUMING THERE IS SUFFICIENT ACCESS AT THE FRONT OF THE PROPERTY FOR BOTH?

"I would suggest a built strata approach because you already have an existing building on the site, so it's only two lots created as a duplex. As a developer you could put the second one on in whatever form you like. You could even opt for a two-storey build and, as you own everything, there would be virtually no common property.

"The only thing 'common' would be the services. It would literally stand alone like two green titles."



CAN YOU TAKE US RIGHT BACK. STARTING A DEVELOPMENT, WHO THE DEVELOPER WORKS WITH? DOES HE APPOINT A STRATA MANAGER?

"Generally, the way it works is that a developer will have a block of land and works out that they think they can fit 40 units on the site. So they approach a surveyor and say 'I've got a strata development, can you create a strata plan for it?'"

"If the surveyor does not have a set of instructions, he will draw it up to what he thinks best. And then, when it's all signed off and all ready to be handed over, with titles issued, the developer thinks 'Oh, we need a strata manager. I think we'd better appoint someone'."

"And they appoint someone like me and I look at it and wonder who decided to handle the ownership that way because it's going to cause huge problems. But the developer isn't concerned. He just wants to bundle it up to sell and then move on. I prefer developers that are staying with the development for two to three years, keeping one or two of the lots as their own investment. That means they are going to show more interest in the concept."

SO, SHOULD A DEVELOPER TALK TO SOMEONE SUCH AS YOU FIRST UP BEFORE UNDERTAKING A DEVELOPMENT?

"If they talk to us upfront, we can work out the best approach. I need to establish what the intent is ... do they want a quick in and out, or be in it for the long-term development?"

"Once their intentions are established, we prepare what's called a 'management statement' that sets out new by-laws (guidelines) as to what you can and cannot do. With a management statement, everything is detailed right down to minimum floor plan size,

single or double carport, all under the one main roof and so on. When someone is buying, they know that there are criteria in place, so that when they build their little mansion, someone doesn't come in next door and put up a semi-detached portable home - because there are no guidelines in place to stop them."

WHOSE RESPONSIBILITY IS IT TO ATTACH THE GUIDELINES TO A SURVEY STRATA?

"The situation with a management statement is that it has to be registered at the same time as the strata plan. It cannot be undertaken afterwards and it's a responsibility that falls to the developer, in conjunction with the consultant."

ARE THERE VARIOUS EXISTING STATEMENTS THAT YOU CAN 'MIX AND MATCH'?

"I have a lot of different templates on file that I use which are dependent on the type of development being planned. The content is dictated by a standard set of by-laws that have to be put in place at the outset. The settlement agent then submits the strata plan and the management statement into Landgate at the same time. It's all registered through Landgate and readily accessible by potential investors. Then we can get on with the development."

SHOULD SOMEONE WHO IS PLANNING TO BUY A STRATA PROPERTY/UNIT INSIST ON KNOWING THAT THERE IS A MANAGEMENT STATEMENT OPERATING BEHIND IT?

"Yes. There's a Form 28, Disclosure Statement that the vendor and the selling agent have to make available. It details everything relating to that strata ... what the levies are, if there is a management statement, if there are any changes to standard by-laws etc."

SO THE ROLE OF THE STRATA MANAGER IS TO MANAGE THE COMPANY?

"Correct. The strata manager's main role is to manage the common property only and issue levies to individual owners to manage that common property. That's the key thing ... common property. Strata funds are never to be used to pay expenses in relation to an individual owner's lot unless there is a collectively signed agreement saying that this is the way it's going to happen."

THEREFORE ONE OF YOUR ROLES IS MANAGING MONEY, WHICH IS LEVYING FEES?

"Yes, levying fees and also setting the actual fee. For instance, one of the big issues strata has, under The Act, is that the 'strata company' is an entity in its own right. It can borrow money, it can sue and be sued, and so is no different to you or I or any other company."

"However, the difficulty that strata faces, from a financial perspective, is that banks will not lend money to a strata company. They will lend it to a developer to develop but they will not lend it to a strata company to renovate or do capital improvements, particularly here in Western Australia."

"SO IS EACH STRATA PROPERTY A COMPANY?

"It's not a company structure as most people understand those words; it is just the terminology that is used. It used to be called 'the body corporate' and people still use this term, but the terminology changed to 'strata company' when the act was re-written in 1985. Personally, I think that it would have been better left as body corporate, because now a lot of people have that notion of it as a 'Pty Ltd company' where you have shareholders, limited liabilities etc. A 'strata company' does have shareholders (the individual owners) and operates a bank account, but it is not technically a company."

"If a strata company is run by a real estate agent, they actually run a trust account. I would love to run a trust account as a strata manager, but I cannot. You go into a bank now and if you're not a real estate agent, a settlement agent, a finance broker or a solicitor you cannot do it and I am currently running 20-plus different bank accounts."

IN YOUR OPINION, WHAT'S THE DIFFERENCE BETWEEN A GOOD STRATA MANAGER AND AN ALSO RAN?

"First, you really need to be a 'people person'. If you don't get on with people, forget it. That is your key strength ... being able to get on with everyone and resolve the conflicts that all too often arise when you have a group of individuals living together in the one complex. You also have to be a 'jack of all trades' because you will get problems that really are not strata manager's issues that you are,

nevertheless, expected to sort out."

"You have to be able to draw a line between who is responsible and what that responsibility is. You can guide people but sometimes you have to say ... 'look I know it's not a strata issue, but I will look into for you and I'll get some answers.' You need to be flexible, you cannot be dogmatic, but you still have to stick to your guns when required."

"The only time you really have got to start 'laying down the law' is where by-laws are concerned and you must handle it 'by the book'. One of the biggest issues is pets. The standard by-law does not say you can have them, but it doesn't say you cannot have them either. What it does say is that if a complaint is being made, on notice from the Council of Owners, the animal must be removed. And everyone knows what people can be like when it comes to their pets!"

THE COUNCIL OF OWNERS. HOW IS THAT CONSTITUTED? DO THEY ELECT A NEW CHAIRPERSON EVERY YEAR? DO THEY VOTE ON NEW PEOPLE EVERY YEAR?

"A Council of Owners operates from AGM to AGM. Under the Act you can have a minimum of three members and a maximum of seven (or anywhere in between). The question of elections comes up on the agenda, at every AGM but it is not mandatory. For very small complexes I generally say 'don't worry about it, I am carrying out the role of the Council by default'."

"But if I think there's an issue with any of my stratas, I insist they elect and form a Council of Owners. It makes my life easier because theoretically, they assume the role, under the Act, to manage the strata company. They are totally responsible and have the right to delegate whatever functions and roles they





desire to a third party – for example, someone like myself who they generally delegate most of the work to anyway.

“But, when ‘push comes to shove’, the ultimate decision rests with the Council of Owners, not me, because their role is to manage and my role is to do what they tell me to do.”

WHAT ARE SOME OF THE USUAL ISSUES THAT A COUNCIL OF MEMBERS DEALS WITH?

“We’ve already mentioned pets - they are a classic ongoing issue everywhere. Then there is noise. They are probably the two most common issues that usually need to be resolved and they are closely followed by resident and visitor parking.

“One of the flaws in the Strata Title Act is that they show there are supposedly cash penalties that can be levied for breaching by-laws. But most strata companies don’t have the authority to enforce those penalties.

‘In order to enforce payment, there must be a by-law in place to allow them to make an application to the State Administrative Tribunal to enforce the penalty. However, very few strata companies do. When I put together management statements, I always include in the management statement that the strata company has the right to enforce penalties by application to the State Administrative Tribunal ... it’s there. Without this ability to enforce a penalty, a by-law is basically like being hit over the head with a wet lettuce leaf.”

AND A BY-LAW IS PART OF THE MANAGEMENT STATEMENT?

“If you don’t have a management statement for an existing strata you can draft a new by-

law. The difficulty with that is you have two schedules – a *Schedule One* by-law, and a *Schedule Two* by-law.

“A Schedule One by-law is basically for administrative purposes, while Schedule Two is ‘behavioural’. For a penalty to be in place you really need to introduce a Schedule One by-law. To create a new Schedule One by-law or to amend it, you introduce a ‘resolution without dissent’ to all the members. It must go to all members. It doesn’t really matter who votes ‘yes’; you’re not interested in the ‘yes, it is the ‘no’ vote that will kill it, because it’s a *resolution without dissent*. It’s not a *unanimous resolution* ... that’s different again.”

HOW LONG DO MEMBERS HAVE TO REPLY?

“You call a meeting and if you have the required quorum, that’s fine you can deal with it on the spot. But those not in attendance have 28 days to respond. And then after the expiry of 28 days, if there are no objections, the by-law is signed off by the two members of the Council of Owners. Then it is registered with Landgate and it becomes an ‘attachment to the strata plans’, and is now an effective, enforceable by-law for that strata company.”

SO LANDGATE IS THE AUTHORITY IN A WAY?

“Yes, because they control the titles. They are where the land tenure resides throughout Western Australia and they are the entity that will have it registered on the strata plan for you and you have to do that within three months of the date of filing.”

CAN YOU RETROSPECTIVELY ADD A MANAGEMENT STATEMENT TO A STRATA THAT HASN’T HAD ONE IN THE FIRST PLACE?

“Once a strata plan is registered you cannot put a management statement, or more correctly, a new set of by-laws in place. What you can attempt, however, is to write a new set of by-laws or add to the existing by-laws. This is not as straightforward as it seems though, because you either need a resolution, without dissent, for a ‘Schedule I’ or a special resolution for a ‘Schedule II’ amendment. It’s extremely difficult to change by-laws once they are in place.”

SO, THE OVERRIDING PIECE OF ADVICE FOR ANYONE READING THIS BOOK IF THEY’VE SAY INHERITED A LARGE BLOCK OF LAND WITH ONE HOUSE ON IT, BEFORE YOU EVEN THINK ABOUT DEVELOPING IT IS TO SEEK GOOD QUALITY ADVICE? AND THEIR FIRST PORT OF CALL SHOULD BE SOMEONE LIKE YOURSELF WHO IS AN EXPERIENCED STRATA MANAGEMENT CONSULTANT?

“Generally, yes. However the first port of call is usually a surveyor, but a lot of surveyors will then say that you need to see a strata consultant first because developers don’t think about employing a strata consultant. They think that the surveyor is the answer to all problems, but this is not necessarily the case. Let the strata consultant coordinate and plan it from the start and you won’t have any issues or down the track.”

Good, sound advice from a man whose motto - *STRATA PROBLEMS? STRATACAM SOLVED!* - accentuates his positive, straightforward approach to strata management -



BRIAN’S TOP TIPS FOR ANYONE PLANNING A STRATA DEVELOPMENT:

- Don’t try a ‘do it yourself’ development. It is fraught with danger and if you’re trying to save costs, don’t! It may well cost you dearly in the long run. As Brian says ‘strata management costs less than a cup of coffee and a piece of cake a week to run’.
- Seek the right advice upfront. Appoint your strata manager at the outset when you are appointing your surveyor, town planner, accountant and legal advisors.
- Ask plenty of questions regarding your options and structure before pen goes to paper.

“*The strata manager’s main role is to manage the common property only and issue levies to individual owners to manage that common property.*”

5 | Property Risk Management

INTRODUCTION

Risk is the last thing any of us want to be exposed to, whether it's our own personal safety and security, or financial threats to property or project investments.

In this brief but important chapter we will show you how you can, through general and specific insurance, personal security and safety suggestions, and the advice of specialist advisors and project managers, minimise your risk and sleep easy at night.

With property risk or exposure it is about knowing your asset, intimately. And that means, discovering all there is to know about a potential investment *before* putting in a cent of your hard earned money.

Let's say you are buying into a multiple apartment complex that is a few years old. A building inspector's report beforehand will provide you with full disclosure of all the building defects as well as what you get for your annual body corporate or strata fees.

It may cost what appears to be a considerable amount but, as in the case of insurance in general, it is an 'investment' in protecting your investment.

What if the building inspector finds 'concrete cancer' in the structure or a host of hidden

fees? It's too late once you have bought the building and later on down the track, having engaged an engineer, the report comes back saying that the building has to be repaired, or even worse, condemned!

Peace of mind comes in different forms, from taking out life insurance or income protection cover or landlord insurance to protect your commitment, to installing deadlocks, sensors and alarms linked back to a base and Closed Circuit TV to protect your personal safety.

We will attempt to cover all the bases here and offer you information that you will find informative, educational as well as reassuring – no risk!

Security



PROTECTING YOUR HOME & FAMILY THREAT PROTECT

In the early 1950s, the population of Perth was in the region of 500,000. Suburbs such as Welshpool, Balcatta and Osborne Park, now thriving industrial areas, were regarded as 'rural'. Perth itself was little more than a large country town, with country town attitudes. Locking your front door was unthinkable as well as unnecessary, and crime was negligible.

Just 60 years later, the population of Perth is well on its way to 2,000,000 and urban sprawl is reaching as far as Yanchep in the north, and Mandurah to the south. With population growth and the trends of modern living has come a gradual erosion of standards, which the World War II generation took for granted. Drugs, drug-related crimes to 'feed the habit', violence on the streets, murders, the bashing of the elderly and the vulnerable have become commonplace and part of the urban reality we wake up to each day. Failing to lock your front door and secure window locks is now unthinkable. Crime is on the increase and most people will know someone who has been burgled, bashed or become the victim of opportunistic crime.

The security industry has come into being and evolved to meet the ever growing incidence of crime and gratuitous violence on our streets and public transport.

In 2013, living is all about managing risks and Threat Protect, under the capable leadership of Demetrios Pynes, is in the front line to protect the general public and business against the underlying crime wave which inundates modern Perth and its suburbs.

When we talked to Demetrios close to his Perth-based, state-of-the-art security monitoring facility, the first question that came to mind was:

WHAT VISION DID YOU HAVE IN MIND WHEN THREAT PROTECT WAS ESTABLISHED?

"Having spent some time in the security industry while at University and then after 10

years in the investment markets, I launched Threat Protect four years ago. We acquired and developed a number of businesses in the security field with the intention of being a one-stop shop. The aim was to cover everything from security risk consulting right through to delivering the solution ... whether that be guards, electronics, providing advice or installing security systems in homes and businesses. Today we employ over 80 staff, ranging from consultants and guards all the way through to a 24 hour control room which monitors the electronic systems we have out in the field.

"At Threat Protect, all of our people are qualified experts with the majority being ex-military or police and others having university qualifications in security and risk management.

"There is a genuine need for expert quality advice that people will not only pay you to provide, but will also act on. If they don't take on board the broad scope of advice there is the danger of putting in an ill considered solution which will not be effective and could even reflect adversely on us. We guard our brand reputation jealously at all times, so we would rather walk away from business than install a system that does not meet the required standards."

IS IT WISE TO HAVE YOUR HOME FORMALLY ASSESSED FOR SECURITY RISKS?

"It depends on whether you consider yourself to be in an at risk situation. Some people are often away from home. If they are fly in/fly out workers for example, they probably need a security strategy for their home. The problem is that a lot of companies don't really provide a security appraisal; all they do they do is sell alarms."

"We are more than happy to provide a full security appraisal backed with a series of recommendations for anyone who takes the security of their family, home and property seriously."

WHEN IT COMES TO BURGLARIES, WHAT ENTRY POINT DO THIEVES USUALLY TARGET?

"Around 80% of burglaries are through the front or back door. Breaking windows is noisy, and as many doors do not have a solid core these days, they are an easy target. While we don't personally install screens we do recommend CrimSafe screens to many of our clients."

WHAT BASIC STEPS CAN PEOPLE TAKE TO PROTECT THEIR HOMES?

"We start with the basics - deadlocks on the doors, locks on the windows, and a peephole or video intercom on the front door so that you can see who is there before you open it. Next, install a lock on your meter box so that thieves cannot turn the power off. Make sure that you have a smoke detector – and if you have two distinct bedroom areas, install a detector close to each one. Change the 9-volt batteries each year, and preferably have the smoke detectors integrated into an overall monitored alarm system."

"I always advocate the use of an alarm because I think it's the only way that you can be sure that your place is protected when you're not there. Three or four PIR detectors inside the house, monitored back to base, costs you about \$1,000 dependant on the layout and construction of the home. It's nothing compared to the price you pay for a house these days – and insurance companies generally recognise the value by reducing your premiums."

"You can take whatever steps you like. If a burglar is determined enough they will probably be able to get in. For example, if you locked your keys in the house and had to get in and I gave you a screwdriver and said 'Don't worry about causing damage' ... could you get into your own house? If the answer is 'Yes' then your house is obviously not secure, because when they break in, crooks don't care about causing damage."

CAN YOU PROTECT GLASS?

"Yes you can, either with roller shutters or security film. However this opens up an entirely new issue. What if a crook gets into the house and you are inside it? I recommend you escape as quickly as possible. If you've got roller shutters on your windows, film on your windows and CrimSafe products on your doors how do you get out? All of a sudden your home becomes a prison and the same in the event of a fire. I prefer electronic security because if you want to get out of the house fast you can throw a chair through the window and leap."

"As security professionals, our people are always very aware of their escape routes. It's the same with keys and locks on the doors."

How quickly can you get out of your house? Try getting a key out of your bag and into the keyhole while someone is attacking you or when the house is full of smoke. It's impossible. When you are at home, leave the keys in the door locks so that you can escape quickly.

"You need to spend as much time thinking about how you can get out of the house as keeping people from getting in the house. If

someone gets into your home, there are laws which give you the power to defend yourself using reasonable force but that is an absolute last resort. Your primary objective should always be escape."

"You should also have an emergency plan that everyone in the family is aware of – including small children. In the case of emergency (thieves entering the house or fire) everyone should know where to gather and exactly what to do."

ARE ALARMS EFFECTIVE, AND SHOULD THEY BE MONITORED?

"They are an effective deterrent, and it's even better if the alarm is monitored with a guard response. Most people cannot handle being in the house while the alarm is going off. When the siren is going full belt criminals start worrying that people are going to come looking into the matter, so they cease their crime and look to escape – usually the same way they came in."

IS IT A GOOD IDEA TO HAVE MOTION SENSITIVE LIGHTS AROUND THE PROPERTY?

"Absolutely! Crooks want to carry out their crimes unobtrusively, and they don't want to get caught. The last thing they want is for floodlights to be activated with the possibility of them being identified by CCTV cameras. Video surveillance does three things. Firstly, it discourages crooks who do not want to be identified and secondly if you do get broken into, at least you can hand the police something they can use in their investigations. Finally, if you have taken all reasonable security steps, video footage proves to the insurance company that your home has been broken into. In some instances, thieves can get in and out of your property without leaving normal evidence of break in."

DO YOU RECOMMEND HAVING A SAFE FOR VALUABLES AND IMPORTANT PAPERS?

"You should have a safe anyway because if thieves smash a window and get in, the alarm will go off, but it will take a period of time before the police or a guard responds. By that time they could've snatched and grabbed. I always feel valuables are best protected in a safe – and I certainly use one."

SHOULD AN ALARM ALWAYS BE MONITORED? AND IF SO, WHY?

"If the alarm is monitored, the control room will be notified, and if the PIRs detect movement inside the property, and the secure code is not tapped into the panel within 45 seconds, control room staff will go through a sequence of steps. Keyholders are called first, and then guards or police are despatched as necessary. By having an alarm, door locks and window locks, you are meeting your minimum obligations to the insurance company. If it is not monitored, it is up to you to respond in the case of a break-in. Do you really want that kind of responsibility? A monitored alarm transfers the responsibility to professionals and offers far greater peace of mind."

WHAT ARE THE MONITORING OPTIONS?

"That depends on the communications coming out of the house. The alarm can either be monitored through a landline or through GPRS, which is effectively a mobile phone network. The use of the Internet as a method of transfer for the monitoring is burgeoning technology."

WHEN YOU CARRY OUT A SECURITY ASSESSMENT WHAT QUESTIONS DO YOU NORMALLY ASK?

"When we visit for the first time we start at the front door and walk through the whole house. We identify the risk points as we go and discuss them with the client and make recommendations based on their budget and also their willingness to accept the risks or transfer them to professionals. Some people will say 'Don't worry about putting alarms on the windows; if they get in the house I am okay with that.' Some will say 'The thing that bothers me most is someone getting inside the house.' It is all about risk management, and understanding each customer's specific requirements."

IN THE CASE OF CLIENTS WITH ALARM SYSTEMS, DO YOU RECOMMEND AN ANNUAL SERVICE?

"Yes, it pays dividends to check the whole system to ensure that everything is working ... including PIRs, back up batteries and smoke alarms every 12 months. It only takes 45 to 60 minutes and if you think how much your house is worth, and how much it's insured for, it's well worth \$200 for a maintenance call."

WHAT IS THE FUTURE FOR SECURITY IN PERTH FOR THE NEXT FIVE TO 10 YEARS? DO YOU SEE MORE IMPULSE CRIMES?

"People are prepared to do despicable things and that's just the reality as we grow as a City. It happens everywhere, we are no different to any other country. You also have to keep your fear of violence in perspective – avoid walking alone at night, keep an eye on your children at all times, and (as we have suggested) take reasonable steps to protect your property and possessions at home."

"You can take whatever steps you like. If a burglar is determined enough they will probably be able to get in."



DEMETRIOS'S TOP SECURITY TIPS

- Try this test - imagine yourself locked out of your house with nothing but a screwdriver to help you gain access, and be completely ruthless. Could you get in if you had to? When you consider a thief doesn't care about damage to your property, breaking into your house becomes considerably easier.
- Generally break and enter thieves are on the lookout for quick cash from easy targets. About 80% of housebreak thieves enter through the door. Strong doors will always be your best defence.
- When thinking of the doors in your house, keep in mind not only the front and back door, but also the inner garage door and patio doors. Many modern homes are built with standard issue hollow core doors. They are less expensive than a wooden door with panels, but the amount of security provided by hollow doors is minimal.



Locks

AWARENESS IS MORE THAN HALF THE KEY SECURITY & KEY

Security & Key was originally founded in 1985. The business's long standing association with Brian Preddy, who designed and developed the world renowned BiLock high security locking system, positioned Security & Key as an innovative market leader in the commercial marketplace – offering world class products and

backing them with outstanding service. When Sharyne and Bruce Hal purchased Security & Key in 2006, the emphasis on commercial business and major accounts remained. "We also recognised the need for the owners of residential properties to be better served, and better protected to cope with emerging threats and more sophisticated predators."

This sounded rather alarming, so we asked Sharyne what steps people can take to improve their door and other locks at home.

"Effectively, the residential marketplace is generally controlled by builders and is price driven. Locksmiths are rarely involved in the new build residential marketplace, but builders are neither qualified nor well placed to advise customers on such security matters. Locksmiths usually become involved after something has happened – either a burglary, or when keys have been lost or stolen. House specifications are prepared by builders and reflect the overall need to keep construction costs down, but it means that locks and other aspects of home security in many residential homes may be inadequate or exposed and compromised."

HOW PREVALENT IS BURGLARY IN PERTH, AND DO WE ALL NEED TO BE MORE AWARE OF THE NEED TO UPDATE LOCKS?

"Burglary is still probably the same percentage today as what it was a few years ago, based on population. Approximately 27,000 burglaries of dwellings, and nearly 9,200 of

other types (for example vehicles). However, population growth, and drug fuelled crime, means incidents can be more destructive or aggressive. Also, there is another disquieting trend which is on the increase and it is about the way that thieves now have a greater ability to break into homes without leaving any evidence.

"In the past, burglaries were quite visible events. Windows were smashed, front doors were jemmied, roof tiles were lifted and back doors were forced open. Increasingly there are covert ways of entering premises via the cylinder without needing a key, and as there is no evidence of forced entry, there are insurance issues. Unless there is physical evidence and damage to prove that the home has been broken in to, insurance companies can invoke a clause that requires physical evidence in order to substantiate a claim. These days, it is much easier for thieves to break into your house without leaving any obvious damage and you could spend many days wondering whether you've actually been burgled or not. You just know that certain items are missing."

HOW CAN THE HOUSEHOLDER PROVE TO THE INSURANCE COMPANY THAT THEY HAVE TAKEN REASONABLE STEPS TO SECURE THEIR PROPERTY – AND THAT THEY HAVE IN FACT BEEN BURGLED IF THE LOCKS WERE 'BUMPED'?

"One way is to install some form of CCTV. It sounds expensive, but there are systems





available now which a security company or electrician could install for you at moderate cost to cover the front door. In fact, there are a number of these systems available that could even be installed by the home handyman. Back doors should have sliding bolts in addition to the normal deadlock.

“My recommendation is to have bump-resistant door locks and cylinders fitted to both front and back doors. These locks will keep out thieves who have acquired the skills to get past the average lock which you will find fitted to most domestic doors these days. The problem is that builders are cost conscious, and unless a higher rated locking system is specified, the average locking cylinder is worth less than \$10. Many people are using that type cylinder to protect thousands of dollars worth of home contents ... computers, TVs, DVD and Blue-ray players, jewellery, money and collectables. They can have an alarm system and have it monitored, but none of those things will prevent a break in through a cheap and ineffective lock cylinder.

“The first level of security is to put a decent lock cylinder on, but it does not remove the need to have some form CCTV and alarm system. Security is always a multi layered strategy, and the family dog adds to the layers you have in place and offers additional security. If the dog starts barking in response to something unusual happening, it does alert people within the neighbourhood. Perimeter lighting that detects movement should also be part of your plan.

“As a first step, the best thing you can do is fit a bump resistant lock to your front door. Instead of a \$10 cylinder, you will be paying at least \$100 for technology that meets Australian standards, and the investment is

well worth the time, effort and money. When people move into a new house, many people just accept the keys at settlement and keep on using them. Who knows how many other copies of the same keys are still in existence, and that leaves you very vulnerable to the possibility of burglary – without physical evidence of break in. When you move into a new property, or a property that is new to you, get a locksmith in to change the locks and supply a new set of keys. Ask for bump resistant cylinders, and regard the extra cost as a worthwhile investment in your overall security.

“Householders also have the option of fitting a restricted key system. The locks are manufactured to Australian standards and additional keys, which are far more sophisticated than the standard kind, can only be cut at a single location once identity and signatures have been verified. An up-to-date restricted lock system should also offer bump resistant capabilities, and the cost will reflect this greater level of security.

“Having said this, many ‘low-end’ residential locks do not have compatible restricted cylinders. This is normally a step undertaken by commercial properties as there is too much variation in the residential market. The residential market is driven by ‘look and price’ and products can change with each change in fashion. You will need to discuss this with your Locksmith.”

WHAT ARE THE ISSUES THAT PROPERTY MANAGERS SHOULD BE AWARE OF IN TERMS OF LOCKS AND SECURITY?

“Legally, property managers have no responsibility whatsoever. Under the Tenancy Act there is no obligation for the landlord or the real estate agent to provide anything other

than lockable front and rear doors. In our experience, property managers do not want anything restricted because it makes their life much harder. They want to be able to give their various property managers the keys to all the properties on the rent roll, and when a tenant rings up to say they have lost their keys, property managers just want to be able to run to the nearest key cutting outlet, cut another set of keys for the property and get them to the tenant as soon as possible.

“The last thing they want is the hassle of restricted keys and all the controls in place that go with signatures and permissions to cut new keys. We have even had instances of property managers asking us to remove restricted locking systems from properties, and have them replaced with conventional locks – because it is easier for them. They want control over the keys, and they want easy access to the properties under their management.

“Bear in mind too that that property managers come and go, and there is a high turnover of staff within the industry. They may also need to hand keys over to commercial cleaners and various trades, and these keys go missing from time to time. As far as the tenant is concerned, they don’t know who is accessing their home, and who also has keys to their property.

“Property managers tend to keep keys in large bunches, and the keys are invariably labelled with the address of each house which represents a security risk – especially if the keys are left on the front seat of the property manager’s car. The potential risks are there for all to see, and while property managers have a responsibility to act in a professional way, they are not accountable under the law.

“The first thing that tenants should do when they move into a property which is new to them is have the locks changed and new keys cut.

Ideally, they will choose to have bump resistant locks fitted – and accept that the additional cost is worth the added protection and security.”

DO TENANTS WHO TAKE THIS STEP HAVE AN OBLIGATION TO GIVE A COPY TO THE NEW KEYS TO THE PROPERTY MANAGER?

“It depends on their lease which they should study. At various points in time people need to re-key their houses for a whole host of reasons, and many of these relate to personal issues as opposed to conventional security. They would need to refer to the Tenancy Agreement they have signed, and if there is no obligation, then they don’t need to.”

WHAT OTHER OPTIONS EXIST FOR HOME OWNERS AS WELL AS PROPERTY OWNERS AND TENANTS?

“We market a range of affordable fingerprint recognition systems where you can code in fingerprints and code them out as required. For example, there would be no need to rely on the property manager or change locks and keys. It would just be a matter of coding in the fingerprints for everyone who requires access to the property, and re-setting the backup four digit code over-ride facility. With systems like this, you can even allocate temporary codes for tradesmen and codes for cleaners that will only allow them to enter the property at certain times.

“Similarly, a new owner would just change the fingerprint and numeric codes themselves. There are many more locks of this type available that can be retrofitted to most

Australian lock/door situations. At this stage, they are mostly available for front doors and if you are leaving the property for a while, back doors are best secured with bolts at the top and bottom."

WHAT ABOUT SECURITY FOR SLIDING DOORS AND WINDOWS?

"It is difficult to secure sliding doors and windows in the same way. You can fit security film and screens to protect sliding doors, or 'Crimsafe' style security screens, and insurance companies will require you to secure windows with a lock. It is easy to smash a window, especially at the rear of the property, so you should add a monitored alarm system to your overall security strategy. While guard response could be 20 to 30 minutes away, at least you will have met your obligations to the insurance company and taken reasonable 'duty of care' steps to protect your family and belongings."

ARE THERE ANY OTHER CONSIDERATIONS WHEN IT COMES TO LOCKS AND KEYS?

"Yes, and it is one that people often forget or ignore. How many houses do you drive past with a prized \$60,000 caravan in the front driveway, or a \$100,000 boat parked invitingly on a trailer near the front of their house ready to drive away? Most people will tell you that they have these items secured with a padlock."

An ordinary padlock can be removed in seconds. People with high value items on trailers should invest in proper trailer locks that will offer them some form of protection.

"You are looking at about \$400 for a trailer lock (this is NOT a padlock) of that quality, but based on your \$60,000 caravan and your \$100,000 boat, that is a small price to pay - as opposed to a \$9.50 padlock from the local hardware store. We do not have a huge amount of caravan and trailer boat theft in Western Australia but for \$400 you achieve peace of mind and a higher level of security. When on holiday people, will also be able to secure their caravans and boats properly when they are away from the camp site during the day."

"If you have a side gate giving access to the back of the property, secure it with a commercial quality padlock from the inside, and make it as hard as possible for thieves to break in. In addition there is an increasing number of excellent quality gate locks on the market that may suit your needs."

DO YOU THINK THAT PEOPLE ARE BECOMING MORE AWARE OF THE NEED FOR MORE SECURE DOOR LOCKS?

"Each week, the local press publishes the details of burglaries in the area ... just the incidents, but not the details. The normal human reaction is that 'It will never happen to me', but the unfortunate reality is that you almost certainly know someone who has been burgled recently, and it is not a pleasant experience to discover that someone has been through your home, stolen some of your precious possession, and perhaps damaged the property in some disgusting way."

"Greater awareness is an ongoing battle, but there is an increasing recognition of people who have disabilities and everyone wants to make their home more user friendly. Products are coming into the marketplace that can be retro fitted, fingerprint locks and other technology makes it much easier for the home owner - and for elderly people with arthritis who find it difficult to turn conventional keys."

"Unfortunately, most homes are still not being built with this technology, but retro fitting is available on an individual level. It is up to the individual householder to take all reasonable steps to protect their home, property and family, and here are some basic steps you can take to beef up the security of your doors and locks at home."



TIPS & ADVICE FOR COMMERCIAL CLIENTS

- **Mandatory:** If you have just moved into new/different commercial premises, make sure that all door locks and keys are changed immediately.
- **Mandatory:** Ensure that all locks have high grade bump proof resistant cylinders on a restricted system.
- Keep a log of 'grand master' keys either on proprietary software, or an Excel spreadsheet. Some accounting programmes can manage this kind of information. If in doubt, call for assistance from a professional lock and key company that specialises in commercial work.
- Be careful who keys are given out to. For example, are cleaners and other casual after hours contractors police cleared? Who keeps a record of these key holders, and what is to stop them making copies for distribution to others? A major part of commercial lock security is thinking through all the issues, and a professional contractor can assist with this process.
- **Mandatory:** Install CCTV with a large hard drive
- **Mandatory:** Install a monitored alarm and arrange for guard response.
- Access control is not the same as security.
- When employees leave, make sure they hand their keys back.
- **Mandatory:** Any work carried out on any cylinders **must** be carried out by a licensed locksmith.



TIPS & ADVICE FOR DOMESTIC CLIENTS AND TENANTS

- If you move into a property that is new to you, replace the locks and keys immediately.
- When you replace the locks, ask for bump resistant locks and cylinders. You are buying greatly enhanced security and more peace of mind.
- Be aware that if you do not have bump resistant locks, you may not be able to prove to an insurance company that you have been burgled.
- Consider fitting a finger print recognition system to the front door, and restrict the over-ride code to a trusted few.
- Sliding doors are best protected with film and screens. Make sure that you have window locks and that the internal side of the door is in the locked position.
- CCTV is not as expensive as you may think, and it is a deterrent. Burglars do not want to be caught on film, and will generally opt for softer targets. However, you must put up signage to advise that people may be monitored.
- Security is all about adding layers of protection, and the family dog can play its part in this.

General Insurance



A PEOPLE BUSINESS WHERE RELATIONSHIPS MATTER GALLAGHER AUSTRALIA

Originally founded in 1927 by Arthur J. Gallagher, Gallagher Australia is part of a multi-national insurance brokerage listed on the NYSE with a market cap of \$4.4b. Three generations later and still a business with a family ethos, the guiding principles upon which the company was founded still remain with Gallagher today and form 'The Gallagher Way'. As Chief Commercial Officer at Gallagher Australia, Glenn Hanna has come to know and appreciate the family ethos and culture which continues to underpin the Gallagher approach to insurance broking, and which sets it well apart from competitors.

GALLAGHER IS A MASSIVE ENTERPRISE OPERATING ACROSS CONTINENTS. DESPITE THAT GLOBAL SCALE, HOW IMPORTANT IS IT FOR THE DIRECTORS AND STAKEHOLDERS TO MAINTAIN THE FAMILY 'LOOK AND FEEL' IN THE BUSINESS?

"It is extremely important for us to preserve the personal touch within the company because that's how we deliver service to our clients. When Pat Gallagher, our global Chairman, President and CEO, visited us recently, it was his personal mission to meet and shake the hand of every single employee in the Australian business – and that's what he did. First and foremost, this is a 'people' business where relationships matter."

IN WHAT WAY IS GALLAGHER AUSTRALIA DIFFERENT FROM YOUR MAJOR COMPETITORS?

"Firstly, since we operate as business that emanated out of a family run business, we have a very strong culture globally - and particularly within Australia."

"We deliver service in a totally different way by inverting the normal pyramid of client contact."

Instead of a model where junior staff interact with clients and are supported by senior and experienced staff, we provide a senior member of staff with industry experience to work with each of our customers. If you are a real estate agency, you will deal with a senior member of staff who has expertise in dealing with real estate business and that can be said for any of the industry specific areas that we cover. We believe in providing strong customer service. Whilst we operate what looks like a high cost model in terms of service delivery, we can demonstrate higher rates of retention for both clients and staff – and that comes back to the corporate culture and environment that we provide for our overall team.

"For many businesses, insurance is an area that has a relatively low priority, so it is something that we want to make as efficient as possible. That is why for certain client segments, we have developed a sophisticated online platform where clients can input their details once, purchase all their products from one location and automatically generate the documentation required for each of the policies they have chosen. Through clever harnessing of technology, we remove the administrative element which allows us the opportunity to spend more 'quality time' with our clients and it's appreciated."

IN ADDITION TO THE REAL ESTATE INDUSTRY AND MAJOR ACCOUNTS, DO YOU PROVIDE SERVICES TO INDIVIDUAL CONSUMERS AND SMALL ENTERPRISES?

"We are all about adding value to our customers, so we offer personal insurance products to our business customers. We also provide services to small enterprises where

we are able to take advantage of considerable economies of scale – as we do for the real estate sector. These include accountants, tax agents, personal trainers, lawyers, travel agents and testing authorities just to name a few.

A developing trend is for the general public and small business to purchase policies online but there are real dangers of over insuring and under insuring in key areas. You should always ask to see policies first, and examine exclusions and excess conditions very carefully. If in doubt, seek independent advice. If the cover seems too good to be true it probably is, so do your due diligence before going ahead with any heavily advertised insurance policies."

WHAT ARE YOUR PRIMARY NICHE MARKETS IN AUSTRALIA?

"We are very strong in the public sector, energy, mining, construction and higher education. Real estate, where our expertise and experience is global, would be one of our largest sectors and we provide services to over 1,500 real estate agents across Australia. As a global organisation, we communicate well internationally, and in addition to conferences, regularly bring out international experts to share our considerable knowledge of the overall marketplace."

"We are able to identify emerging risks that are happening in particular industries such as real estate, and draw upon what's happening globally in that sector. We also work very closely with a number of the real estate institutes throughout the country – especially in NSW, Victoria and Tasmania, and we are aiming to expand our working relationships in other States and Territories. We understand the industry well and have therefore developed a range of products that is tailored to the Australian real estate market."

"The products we offer are best in class in terms of cover and price and we work very closely with the insurance industry to develop bespoke wordings for each of the sectors we operate in. We just don't take off the shelf wordings; we spend a lot of time working with real estate agents and property managers to understand what the key issues are and then develop tailored products to suit their needs."



TYPICALLY, WHAT SORT OF PRODUCT RANGE IS A REAL ESTATE AGENT LOOKING FOR?

"While agencies have a number of generic insurance requirements (office and building insurance, general liability insurance, motor vehicles and worker's compensation) their largest exposure is the area of legal liability and professional indemnity to cover negligence. We see numerous claims and find that it is typically an area of under insurance within the industry, with around 30% of agents totally uninsured for this risk."

"There are moves to rectify that situation. The NSW Government will make professional indemnity insurance compulsory in January 2013, and a number of real estate institutes require it as an aspect of membership. In addition, a number of the franchise groups require it under their contracts."

From a buyer or seller perspective, there is considerably more comfort in knowing that the agent you are dealing with holds professional indemnity (PI) insurance and is a member of the real estate institute

– and my tip here to the general public is that before selling or buying a property you should always ask to sight the agency's PI Policy and evidence that they are an institute member."

WHAT SORT OF RISKS AND CLAIMS ARE WE TALKING ABOUT HERE?

"We often see claims coming through on the property management side where managers or property owners have been negligent in responding to things that need to be fixed. Sometimes this kind of negligence results in



serious bodily injury claims.

"In a Sydney example, a tenant was moving into a first storey apartment. While hauling heavy furniture over the balustrade, it collapsed and the removalist fell head first from the balcony to the ground. He suffered traumatic head injuries from the accident. A claim has been brought against both the property owner and the agent for failing to undertake regular inspections of the balustrade and failing to discover that the balustrade was rotten and weathered. This claim is rumoured to have a reserve well in excess of \$2 million dollars.

"In another instance, a tenant was involved in a domestic dispute when his arm smashed through a glass panel in the front door of the rented premises, which did not have safety glass (the relevant Australian Standard did not require safety glass unless it was being replaced). The judge considered that because glass had been replaced in other doors prior to the accident, other locations in the premises with the same glass should have also been replaced - particularly the main entry door. The claim totalled just under \$850,000 plus costs. The agent was found to be 75% liable and the property owner 25% liable.

"It should be noted that this claim has since been overturned following an appeal. An appeal can easily reach over \$500,000 in legal costs. It is critical that an agent's public liability insurer has the willingness, the capacity and the expertise to defend a claim to protect the agent's reputation. It also highlights the importance of having adequate public liability insurance to protect and defend an agent, even when they are not at fault.

"In addition to the fact that 30% of agencies carry no negligence cover whatsoever, many are under insured. We recommend that agents

carry a limit of at least \$2 million dollars, because we are seeing a number of claims, particularly in the property management area, that are around or above the \$1 million dollar mark. As you will see from the balcony example above, even \$2 million dollars of cover would have been insufficient in that instance.

"We have worked very hard with insurers to provide the best possible wordings on our public liability policies, and while they are not branded Gallagher products, many of the clauses we have negotiated are exclusive to our company ... and are available to the benefit of our clients.

"As an overall comment, we are of the view that negligence risk management often comes down to the quality of the property manager. The biggest risk for agencies is in the area of selecting skilled and competent property managers.

Well trained, professional property managers tend to choose reliable tenants and this considerably de-risks the asset.

I would certainly recommend that investors appoint a property manager rather than try and manage the property themselves. We see a lot more claims coming out of properties that are not managed by professional real estate agents."

"Our tip here for **property managers** is to undertake regular inspections and act immediately to rectify any structural defects.

"Our tip here for **property owners** is to undertake recommended maintenance or repairs by your property manager or risk being liable in the event of a claim."

WHAT ABOUT NEGLIGENCE INSURANCE TO COVER INACCURATE SALES INFORMATION?

"There are claims arising from the advertising or publication of incorrect information. Sales reps are often reliant on third party data in terms of land size, and if they do not have the appropriate disclaimers in place, problems can arise. Sometimes agencies are also taken to task for being misleading in the ways in which they describe properties. "



DO YOU RECOMMEND THAT AGENCIES TAKE OUT BUSINESS INTERRUPTION INSURANCE?

"Yes, most definitely. When agencies deal with brokers who are not experienced in the real estate area you often find that there is too much cover where it is not required, and inadequate cover where it is absolutely needed. For example, many agencies elect to insure 100% of their revenue - when in reality, a real estate agent is unlikely to suffer a total loss of revenue, even if their premises are totally destroyed from a fire - providing they have backed up their data offsite.

"It is far more important to have a sufficient limit under the 'increased cost of working' component of their policy, so that they can cover the additional rent and moving expenses and get up running at new premises very quickly."

Tip: Backup your data offsite.

SHOULD PROPERTY INVESTORS TAKE OUT LANDLORD INSURANCE?

"It is always wise to take out landlord insurance. In the past we have provided our clients with a tailored product offered by one of the major insurers, but we were not convinced that the current products in the market were adequate for most needs. We have therefore spent a lot of time with property managers to identify a number of exposures that are not currently covered in standard policies, such as removal of rubbish. We have developed our own Gallagher Australia product which is one of the broadest landlord policies in the market. It is also available online so that real estate agents are able to offer it to their clients in the most convenient way.

"For \$220 - \$325 depending on which State your property is located in, our landlord policy will cover malicious damage up to \$60,000, \$30m legal liability, and rent default for 12 months, which is more than adequate to get your property re tenanted and repaired. At less than a week's rent, it's a small price to pay for peace of mind."

SHOULD RENTAL PROPERTIES ALWAYS BE FITTED WITH SMOKE ALARMS, AND WHO IS RESPONSIBLE IN THE EVENT OF A FIRE?

"It is required by law, although many rental properties are apparently not fitted with smoke alarms at this time. The real estate agent's property manager is required to provide a safe living environment in each rental property. Therefore, if there is a fire causing loss of property and/or loss of life, the agency or the owner could be held ultimately responsible.

"Failure to fit adequate smoke alarm detectors may also invalidate insurance policies, in which case the real estate agency will be liable."

My advice to all real estate agencies and property managers is to ensure that each of the properties they manage is fitted with adequate smoke alarm detectors, and check that they are tested and fitted with new 9 volt batteries on an annual basis. The inspection and battery replacement should be logged so that duty of care can be proved if necessary."

DO YOU HAVE A SPECIAL PRODUCT FOR STRATA INSURANCE?

"While we do not have a customised wording for strata insurance, we do have a preferred insurer that allows us to offer our client base a market leading product and price. The same applies to title insurance where we work with





the industry leaders to ensure that our clients are offered the best policies commercially available in the market."

HOW DO YOU SEE THE FUTURE FOR GALLAGHER AUSTRALIA?

"Our products offer real value because we take the time to understand our customers. We're continually working very hard to develop special wordings with insurers and underwriters and have a number of exclusive policies that only we can access."

"The growth of our portfolio is a true testament to the service that we are offering and we have established a pattern of 25% to 30% annual growth in recent years. This is particularly true of the real estate area where we are achieving not less than 10% growth each month. Thanks to our use of technology, market leading policy wordings and bulk purchasing power with insurers, we are able to pass on savings of up to 25% for our real estate clients. We expect this trend to continue as the model we have adopted is proving to be compelling in the marketplace."

WHAT WOULD YOUR MAIN TIPS BE FOR REAL ESTATE AGENTS WHO WILL BE READING THIS CHAPTER AND THINKING ABOUT INSURANCE?

"An Insurance policy is a legal contract, so the devil is in the detail. Read your policy wording carefully, so that you fully understand what you are purchasing.

"We find that agencies buy on price, but as we all know, the cheapest price does not necessarily deliver the best product. When you're dealing with a broker or an insurer, make sure you're dealing with someone who has industry expertise. Smaller agencies quite often like to deal with someone that they know

and trust, such as a personal friend. Invariably, these brokers are not specialists in real estate business. While it is hard to break personal relationships, I recommend that agencies deal with an insurance broker who specialises in real estate and understands all the nuances.

"The products we are able to provide are superior to most off the shelf policies, and in terms of cost, are extremely competitive. In particular our professional indemnity policy is without question one of the broadest policies in the market. It covers a number of areas that other policies avoid, and whilst agents probably think that they're never going to have a claim, experience tells us that claims do happen.

"The last thing that we want is for a real estate agent to not be insured or have inadequate insurance that puts them out of business. It's vital that you get appropriate advice from an industry specialist. Make sure that you are carrying a sufficient limit of indemnity to protect your business in the event of a major claim.

Statistics show that on average over 50% of businesses fail in the subsequent year following a major insurable loss, because of the impact on their reputation and the struggle to get themselves back up to market speed.

"Typically, they will be under insured, and in those cases there is a significant chance of a business failure. Real estate agents invariably work long and hard in developing their business and their brand, and for a small annual cost it can be protected. It's just so important to get the right advice, and the right cover in place."



GALLAGHER AUSTRALIA'S TOP TIPS AND ADVICE

FOR GENERAL CONSUMERS

- Before listing or purchasing a property ask to see a copy the real estate agency's professional indemnity policy and evidence that the agent is a member of the real estate institute.
- If you have an investment property, it is well worth the cost of using a professional property manager and purchasing a landlord's insurance policy. If you have no insurance cover in place, your liability may be unlimited in the case of a serious accident or incident.
- Your rental properties must be fitted with smoke alarms. Make sure that they are checked at least annually – batteries should also be replaced annually.
- Always comply with maintenance and repairs recommended by your property manager.

FOR REAL ESTATE AGENCIES

- Choose to deal with an insurance broker who can demonstrate knowledge and experience in this specialist market.
- Scope of cover is more than important than price.
- Ask how your account will be serviced – by an experienced

broker or by an inexperienced junior? Receiving the correct advice is crucial so you should be offered access to an experienced account manager who understands your business and has been introduced to you and your staff.

- In the case of professional indemnity cover, make sure that you have a policy covering at least two million any one claim and six million in the aggregate. It is not uncommon for larger agencies to purchase a limit of twenty million any one claim and sixty million in the aggregate.
- You can reduce the likelihood of claims by ensuring that property managers are well trained and that there are risk management procedures in place.
- Make sure your business interruption insurance covers your for 'increased cost of working' to ensure your business gets up and running quickly.
- All rental properties must be fitted with smoke alarms. Make sure that they are checked at least annually – batteries should also be replaced annually.
- Refuse to manage a property if the owner will not comply with recommended maintenance or repairs.

6 | Working from Home

INTRODUCTION

When she wrote *the Popcorn report* in 1991 and *Clicking 16 Trends to Future Fit your Life* in 1996, futurist Faith Popcorn started to define in an incredibly accurate way the evolving world which we largely see around us today.

She looked over the horizon and predicted exponential growth in a number of key areas including home delivery, home shopping and working from home. Today, the reality is that the backbone and heartbeat of Australia is small business, with an increasing number of enterprising and entrepreneurial spirits choosing for the sake of economics and convenience to work from home.

The statistics for business survival, however, are not encouraging with four out of five companies not making the grade within five years of initial registration. Small business is not usually physically dangerous, but it can be fiscally disastrous, and we therefore found it appropriate and right to run the beginnings of a survival kit for small business in this book as many people, when they buy property, have it in mind to establish a home office.

More information will be found on www.reta-project.com.au over time as this topic is central to financial survival for Australian small to medium enterprise (SME).

Accounting is at the heart of measuring, monitoring and managing the financial health of any business, and the information from InFrontBas is all about getting the accounting structure right from the outset. It is critical ... and is rather like the foundation of a new home.

We have covered safety since all businesses in Australia have an obligation under the Law to provide a safe working environment for

their employees, and home businesses are no exception. Ruth Jenkins has an explosive background as a short firer, but when it comes to safe working practices in the office, her feet are very firmly on the ground. Small business owners need to understand the ins and outs of safety – especially if they receive visitors or have staff in their home offices.

Water is the source of all life and no home office is complete without a fresh supply. Refresh Group produces arguably Australia's finest water using a distillation process to guarantee quality and maintain water's life-giving properties.

Just as sportspeople find it impossible to perform without the assistance of an able, talented and dedicated coach and mentor, so small business needs the help and guidance of an experienced business mentor. Richard Boyd from Conscious Business Australia is internationally recognised for the quality of his work and his ability to lead and inspire – you will find his thought-provoking ideas set out clearly in this chapter.

Who knows what the future holds, but let us take comfort and reassurance from the past. As Marcus Aurelius Antoninus stated in his *Meditations* (200AD) "Never let the future disturb you. You will meet it, if you have to, with the same weapons of reason which today arm you against the present."

Accountant

BUILDING BUSINESSES BASED ON GOALS AND TRUST INFRONTBAS

Infront Business & Accounting Services has been providing expert advice to their clients, and enabling them to build and grow their businesses in Perth since 2000.

Principal, Steve Wilson, has a very straightforward philosophy when it comes to working with his clients. In addition to fulfilling the role of trusted adviser in assisting his clients achieve their lifetime financial goals, Steve stresses the importance of maintaining a healthy business, family and social lifestyle balance. He uses his specialist knowledge and commercial experience to develop skilful strategies for clients to implement, and seeks to provide effective and practical solutions to problems.

Steve views his role as that of a partner to his clients, not just an accountant. He is able to offer a holistic service and, through an established network of professional colleagues, helps to coordinate and combine their advice to ensure that clients' overall financial position is well planned, strong and healthy.

We started with a straightforward opening question for Steve.

THERE ARE MANY PEOPLE WHO ARE OCCUPIED IN HOBBIES THAT THEY LOVE AND ARE NOT MAKING OR INTENDING TO MAKE A PROFIT. AT WHAT POINT IS A HOBBY CONSIDERED TO BE A BUSINESS?

"Profit might be a dirty word for some, but let us be practical. If you are not in business to make a worthwhile profit then what you are doing is non-commercial and only a hobby. Accountants do not make their own profits, or even make a living, assisting people with their non profit making activities.

"If you are indeed engaged in a business that intends to turn a profit, then we are in a position to advise and assist you. Firstly, we

need to assess what you have estimated or budgeted as your annual profit.

"The most important and quite simply, main objective of a business, is that they are in operation to make a profit, that they have every intention of making a profit. If the business is not going to make a profit from the outset, which is frequently the case in larger businesses, then we need to know the planned timeframe before it makes a profit. That is going to be a major factor in deciding which business structure is chosen.

"In most cases, businesses usually evolve from people having been an employee or a sub-contractor. They have looked at their workflow, observed how much their employer is making from their endeavours and they decide that it is time to begin their own business venture. When they come to see me, I ask them how much do they expect to make in a week, or a month or over the next year?

"Others who seek my services may have an embryo of an idea that they want to have running 'on the side' whilst they are still an employee. Once again, they still want to make a profit, and they still want to 'grow' this idea into a full time business in the future. This will impact on which structure they choose. For example, if they are earning \$40,000 in wages, and they have a business idea that is just going to click over another \$40,000, a sole trader format would still be suitable."

ARE THERE CUT OFF POINTS WHERE YOU START TO RECOMMEND OTHER OPTIONS?

"Once a client starts earning over \$80,000,

we would need to move away from a sole trader situation and look at other options. One of those would be a partnership -however I would be careful not to recommend a partnership between two individuals. Today these structures are not generally partnerships of individuals ... they are partnerships between companies or Trusts.

"Nowadays, a partnership between two individuals is rare and old fashioned because it leaves both individuals at high risk and exposure to a litigation as a result of any parties' or partners' actions."

WHY DO YOU CHOOSE \$80,000 AS THE CUT-OFF INCOME RATE?

"Once you start earning more than \$80,000 the tax rate changes from 30% as an individual, to the higher tax bracket of 37 cents in the dollar. Added to that is your Medicare levy, flood levy, private health insurance levy and whatever else. You have now moved above the 30 cent in the dollar bracket; therefore we would advise a company structure where the tax rate is 30 cents.

"Still on the profit side of things, the reason why we would choose a company over a Trust, or vice versa, is an individual's personal circumstances. Do they have a spouse? Do they have children? If they are single, and an Australian resident with no other family members, then we would look at a company as there would be no advantages in using a Trust.

"A Trust should only be used if we can distribute to a spouse, siblings or other family members.

If there are no heirs or beneficiaries, we might as well use the company structure, retain the profits and pay dividends back to the

shareholder at a future date. At least we can retain the profits at 30 cents in the dollar and withdraw what is required when needed."

CAN YOU EXPLAIN HOW A COMPANY STRUCTURE OFFERS ASSET PROTECTION?

"In a company, the assets that are inside that company (i.e. cash in the bank, motor vehicles, stock, debtors, or any other assets of the company) can be still sued and lost to a potential litigant.

"However, the personal assets of the shareholders can never be touched, and the personal assets of the directors can only be touched if they act fraudulently, trade whilst insolvent or they have given someone a Director's guarantee.

"The best asset protection is inside a Trust since not only are the personal assets secure (unless the Director or the Trustee has been fraudulent or traded whilst insolvent) but the assets of the Trust are also protected. With a Trust you are appointing a Trustee, who is a legal representative who does not own the assets; they are only looking after those assets. Therefore, the best asset protection is inside a Trust."

SO, IF YOU WANT TO SET UP A SUBSTANTIAL BUSINESS THAT IS LIKELY TO MAKE SERIOUS PROFIT, YOU WOULD BE WELL ADVISED TO SEE YOUR ACCOUNTANT AND REGISTER A TRUST?

"Absolutely! Without making this too complicated, I want to touch on the complexity because you need to be aware that in any proposed sale of a business, there is a potential risk involved to your assets. You also need to be aware that different structures have different tax implications in the way that they distribute profits, and in the way that capital gains is handled.

"In the sale of a business, a company is treated differently from a family or unit Trust. This is probably another consideration that not too many accountants will discuss with you upfront – and this is because people starting a business are not normally planning on leaving or selling the business.

"I would not necessarily speak to everyone about this issue at such an early stage either, but if you are planning to run your business inside a company owned by a Trust, then you

should also have a succession plan in place. These are the key questions:

- What is your succession plan?
- Do you plan to sell the business?
- Do you intend to hand it over to the family?
- Would you give it to an existing partner (and this does happen from time to time)
- Will the business simply cease to exist with your retirement?

"If there is a plan that this business is to be built up and sold then there is a consideration not to use a company, even if you can distribute all of the profits. You actually create a Trust first, then that distributes to a company, which in turn (since it is owned by a Trust) distributes profits at the end of each tax year. Unlike a company, a Trust must distribute its profits.

"The reason being that if you sell a business inside the company you do not get as many exemptions because the company cannot use a 50% reduction for a capital gain - but a Trust can, and so can a Trust's beneficiaries.

"There are considerations for the profits year to year and then other considerations if the business owner or owners have the intention of selling to make a respectable profit. Considering that companies are not entitled to the 50% exemption we need to look at putting in place another layer on your business so that the 50% exemption can still be accessed."

WHEN YOU SET UP A TRUST, WHAT ACTUALLY IS INVOLVED?

"This is my favourite subject, and the reason why I am an accountant and not an artist. A Trust deed is nothing more than a legal document with its origins from the same British law as wills. You cannot sue a piece of paper and a piece of paper cannot sue anyone else.

"You appoint a responsible entity, which in the case of a will, is the Executor. Then with the Trust deed (whether a Unit Trust, Discretionary Trust or Hybrid Trust) you appoint a 'Trustee'. Therefore, the Trustee becomes

the responsible entity which can be sued or can sue others. It is exactly the same as a will - you cannot sue a will, you sue the executor for failing to operate by the rules of the will, on behalf of the beneficiaries.

"With the Discretionary Trust, we have a Settlor, which you do not need in a Unit Trust. A Settlor is used because, under Law, to have a contract they would need to have a consideration. The Settler hands over an amount, which could be one dollar or it could be ten dollars – the amount has no significance. In a Discretionary Trust, that person is then generally precluded from ever benefiting from this Trust. Therefore, you need to ensure your Settlor is someone who is not related to you.

"Whereas with a Unit Trust, there would be units purchased, in which case there is no need for a Settlor because there are unit holders. Then you have the most important person, The Appointer. The Appointer is the person who appoints or fires the Trustee, and effectively, they have the control."

SHOULD A SMALL HOME BUSINESS ALWAYS HAVE A TRUST ATTACHED?

"Not necessarily, it all depends on the possibility of there being some area of risk or a potential situation where the company assets could be lost. Is there is a possibility of the company being sued, or a likelihood of the profits exceeding the \$80,000 threshold? Supposing, in the case of a company, which consists of a husband and wife who have no children or other relatives or close friends they are close to, then in this case there is no need to establish a Trust."

ARE THERE SOME LEGITIMATE STRATEGIES AVAILABLE TO SMALL BUSINESSES TO REDUCE THEIR TAX BURDEN, BUILD WEALTH FOR SHAREHOLDERS AND PROVIDE A LEGACY FOR THE NEXT GENERATION?

"The first step would be to create a business structure as distinct from being a 'sole trader'. A Trust or a company would then have the advantage of depositing extra superannuation, which can be up to \$25,000 per individual per financial year, whereas a sole trader is not permitted to do this by law.

"A company or Trust is also able to claim for some of the home office utilities – for example, mobile phone, home Internet, home computers, stationery, office equipment, a percentage of electricity, use of motor vehicle, possibly rent and travel in some instances. If you have your home office registered as your place of business that makes a significant difference when claiming from the ATO."

IF YOU SELL YOUR PRIVATE HOME AND IT IS LISTED AS YOUR REGISTERED PLACE OF BUSINESS, IS THERE A DANGER OF THE INCOME FROM THE SALE BEING REGARDED AND ASSESSED AS A CAPITAL GAIN?

"The ATO views a 'home office' as opposed to a 'principal place of business' very differently. The ATO states that if you are running a home office you can claim telephone, computers, Internet, fax, electricity and gas if these utilities are used for the business. However, you cannot claim for interest on your home loan or rent if you are running as a home office. This means that you can claim your running costs, but not your capital costs."

"If you are running your home as your principal place of business, all those claims are still deductible, but now you can also claim a percentage of your interest or rent and a percentage of your other capital costs - rates, taxes and insurance, strata fees (if you are in a body corporate).

"However, while you can make these capital item claims there is also a trade-off; you now have to pay capital gains tax when you sell. Whatever percentage you were claiming, say 10% on your mortgage payments, when you come to sell you are going to pay capital gains at that same percentage.

"Then again, if we operated the business within a Trust structure, there are ways of mitigating the capital gains tax issue. I would say that there are a lot of home businesses out there that could potentially have a capital gains liability when they come to sell. That is where we, as accountants, earn our money."

WHAT ARE SOME OF COMMON MISTAKES THAT PEOPLE MAKE IN SETTING UP A SMALL HOME BUSINESS?

"Firstly, seek professional advice. It is also essential for you to have a clear vision of where you are going and how you are going to arrive there. Then, your accountant will be able to (with your input) help you to prepare a Business plan, a strategic plan, and a five year budget and cash flow spreadsheet. You should also consider the need for a separate Marketing Plan.

"There are far too many misguided enthusiast entrepreneurs saying 'This is a great idea, let us just do it!' And that is why such a large percentage of small businesses fail.

It is, as the saying goes, that People do not plan to fail, they fail to plan."

CAN YOU EXPLAIN ABOUT BUSINESS PLANS AND SWOT ANALYSIS AND OBJECTIVES?

"It would great if every business had a carefully thought through business plan. I would estimate that more than 75% small businesses do not bother. We can assist people in developing business plans with budgets, cashflow forecasts, identifying

key performance indicators and establishing monitoring and measuring facilities.

"However a business plan has to be more strategic; 'We want to hit this general market; this is our specific target market and we plan to generate X amount of exposure to that market by this stage, and in year two we are looking at this sort of market, this segment, this sort of turnover', as opposed to ... 'We predict we are going to sell 100 widgets at \$100 and it is costing us \$1,000, so we make \$9,000.' That is not a business plan, it is a budget! What I want my client to tell me is how they are going to sell those 10,000 widgets – now that is a business plan!"

WHAT IS THE COST TO SET UP A COMPANY STRUCTURE FOR A SOLE TRADER?

"You can register an ABN online at www.abnregistration.com.au and there is no cost. However, to set up a Proprietary Limited Company, I charge \$1,650 which includes a face to face meeting, including the correct structures for Directors and shareholders, a shelf company, bank account establishment kit and all you will need to comply with ASIC requirements and start trading."

"You can of course, go directly to ASIC and register a company which costs around six hundred dollars, in which case you will not be given any assistance or advice. They are going to say where is your constitution? Where's your corporate structure?"

SHOULD THERE BE A SHAREHOLDERS AGREEMENT IN A PTY LTD COMPANY?

"A shareholders agreement is always needed if the Proprietary Limited Company involves non-related parties. It is not needed for a husband and wife partnerships. From the outset, people should know how they are exiting before they know how to get in."

WHAT SHOULD WE LOOK FOR IN AN ACCOUNTANT?

"You would want your accountant to be able to deliver the complete range of services that you need. From the outset, are they able to provide assistance on suitable company structures? Will they be able to assist you with cashflow and budget preparation, as well as specialist advice and knowledge about your industry? Can they look after your bookkeeping, BAS and GST and all of your tax requirements? What

about a wealth creation plan? You will need all of these services, and they all should be available under the one roof."

It is also essential to keep accurate records. With the software programmes available now such as Zero and Sassoon that make bookkeeping even easier, small business owners should really be able to keep their own books. It is important that they know their cashflow so that they are fully aware of the profit their business generates. If bookkeeping is outsourced, they are more than likely not going to know what their business is earning, except for what is in the bank account.

"If they cannot or do not want keep their own books, they should at least be closely monitoring their ledger every time the bookkeeper comes in and should ask for monthly reports. Have I hit the sales targets? Have I met my profitability?"



TOP TIPS BE FOR SOMEONE WHO WANTS TO SET UP A NEW COMPANY?

- Get your structure sorted correctly from the beginning. Ask for the assistance of a qualified accountant who can guide you based on the information you provide
- Know what your goals are. We can help you work them out; sometimes we need to extract them. But know what your goals are and know what your 'end game' is – your succession plan.
- Go to your Accountant for end of year returns, cash flow and budgets, but do your own monthly bookkeeping. It is not hard with today's software and helps you keep your finger on the pulse of your business

Safety



WORKING SAFELY FROM HOME SINA SAFETY SOLUTIONS

Ruth Jenkins, who prides herself on 'making a difference to safety one person at a time', established SINA Safety Solutions in 2009 to raise the profile for Safety in the marketplace and provide a dedicated and highly qualified service across numerous industries.

SINA stands for 'Safety is No Accident'. With a background in the potentially hazardous occupation of shot firing in minesites, Ruth is very used to blowing things up safely – and in fact ensuring Zero Harm at work is her passion and her vocation. SINA works primarily with mineral resources and heavy engineering organisations to audit existing systems, identify issues, agree remedial action, establish compliant procedures and train staff to work with safety in mind. In fact, Ruth says that training is the bedrock of creating a safe working environment.

She also covers a previously 'grey' area which is now clearly defined by Occupational Health and Safety Legislation. It is a legal requirement for employers to be fully responsible for the safety of their employees even if they are not working on their premises. SINA visits and audits working environments at home offices to ensure that safety systems are compliant with legislation.

In answer to the question 'Why should we worry about working from home?' Ruth responds with quite distinctive animation: "If you are the owner of a company working from home, and you've got people coming

into your home office environment (such as a book-keeper, staff or visitors) you are accountable under the legislation. Similarly, if you are employed by your company to work from home, they are accountable for your safe working environment.

"In those instances, your home is classified as a workplace – and part of our role now is to inspect, audit and recommend remedial action to bring such workplaces up to a safe working standard – otherwise you are, literally, your own insured."

SO WHAT ARE THE POTENTIAL HAZARDS?

"They are wide ranging, and include everything from tripping over long extension cables to faulty plugs, heavy files on cabinets that might fall on you, slippery tiles, unchecked electrical equipment of doubtful vintage, floor rugs that can trip you up, badly designed work stations that force you to work at the wrong height, non-ergonomic chairs and shredders with unsafe sensors that can mangle dogs' ears.

"You also need to be very aware of the potential dangers of stairs. For example, a woman working at home for a major corporation injured her back. Her employer had instructed her to ensure that her front door was secured each night. It was 8pm, and as she was coming down the stairs only in her socks to lock the front door, she slipped and fell on the edge of a tread causing serious injury to her back and was never able to work again. In that case, the handrail was found to be inadequate, the risk had not been properly

identified, and no training, instruction or procedures had been given. The company was not only held responsible – but was uninsured for the risk and will be paying compensation for a very long time.

"As a result of cases like this, companies are now approaching me to carry out audits. We check that everything is in place, put some controls around activities and do some training in the important things – including manual handling, ergonomics, fire awareness, and having an emergency telephone contact list there in case something goes wrong. It's all about creating basic policies – and I also prepare 'Working from Home Agreements' for employees and employers to sign."

WORKING FROM HOME AGREEMENTS?

"They are already being implemented in Tasmania and the Eastern States, and similar legislation is coming to WA. It's just a matter of time. There are just a few issues to sort out – especially between unions and Government."

SO, AFTER A SINA AUDIT, COMPANIES CAN FEEL SECURE THAT THEY HAVE FULFILLED THEIR 'DUTY OF CARE' TO EMPLOYEES?

"The law is very clear in these matters. You have to show that you have taken all reasonable steps to audit the working environment, identify the risks, produce a report which is signed off by the staff concerned, and it is essential that there is insurance cover in place. The penalties for non-conformance are severe.

"Our inspection and the follow up report is part of that essential 'Duty of Care' – and the other part, of course, is to act on the report, follow the recommendations noted on the file – and ensure that training is given and signed off by the person or persons concerned.

"Working from home has its hazards and that's the problem. We need to actually identify what those hazards are, and put some controls around them. It's not a big thing, but you need to be really aware of it."

IN THE CASE OF HUSBAND AND WIFE WORKING FROM HOME ON THEIR OWN BUSINESS ... DO THEY NEED TO BE CONCERNED?

"They do, especially in relation to insurance. If there is an accident, is it a workplace accident or just one at home? If it's a home accident, whilst you are conducting work and you're not looking after yourself, then your insurance is not going to pay out. Whereas, if you have an accident in the workplace at home it's massively different, and you are entitled to worker's compensation. It's important to be appropriately insured and have systems in place to make your workplace at home safe."

WHAT ARE THE IMPLICATIONS FOR HAVING VISITORS IN YOUR HOME OFFICE PREMISES?

"If someone comes into your house to do business and they trip over a step and break their ankle or they twist their knee, and they're unable to work for several weeks, you are now responsible – so public liability insurance to cover accidents in your home office, and if you visit other offices, is absolutely essential."

RSI (REPETITIVE STRAIN INJURY) WAS HIGHLY PUBLICISED IN THE 1980S WITH NUMEROUS CLAIMS, BUT WE DON'T HEAR SO MUCH ABOUT IT NOW. WHAT ARE YOUR RECOMMENDATIONS FOR COMBATING RSI?

"Heavy manual typewriters certainly contributed to that problem, but even with modern keyboards, it is wise to have you wrist supported with an ergonomically designed mouse mat. It's essential that you work with a comfortable ergonomic chair and that your desk is suitable for your height. Also, make sure you get up, stretch and walk every 30 minutes. Setting an alarm as a reminder is a good idea. The modern name for RSI is OOS (Occupational Overuse Syndrome) – the name has changed, but the issue remains the same!"

SHOULD HOME OFFICES CONSIDER ERGONOMIC FURNITURE?

"Definitely! And don't just go for chairs that look stylish with beautiful colours. For the type of work that I do which involves sitting behind a desk for hours a day doing computer work, I have invested in a professional typist's chair. Make sure your desk is at the right height,



ensure that the distance between desks and people passing is adequate and if your shoulders tend to ache, choose a chair with arm rests."

"Sometimes during an audit I discover that people are working far too many hours and are not moving about enough. I talk to them about this and note it on the report because it is not good working practice."

IF THERE IS AN ACCIDENT IN THE HOME OFFICE AND OHSS BECOMES INVOLVED WHAT GENERALLY HAPPENS?

"They look at the basics – at the level of training the person has had, their induction, whether they have filled out a checklist to confirm that they have been briefed on safe working practices. They may also check to see if electrical equipment has been tagged and tested."

"Remember also that it's an ongoing process which needs to be reviewed on a regular basis – ideally every six months and definitely every year. Such internal mini audits should be recorded on the file."

WHAT DO YOU CHECK DURING YOUR HOME OFFICE AUDITS?

"We go through a thorough checklist which includes tasks ... what people are expected to do, especially if they are repetitive, and assess the potential for injury or repetitive strain. Then we examine manual handling, especially if items have to be moved above shoulder level. We check on noise and if that is an issue, consult on remedies to improve the situation."

We make people aware of dust and fumes, and examine power and power cord configurations.

For example, a coiled extension cable literally acts as a coil and can start a fire. We establish Materials Safety Data Sheets (MSDS) to identify potentially hazardous items such as bottles of toner or other stored fluids.

"Every situation is different, and many small businesses operating from home store equipment and consumables in their garage, shed or external office. The checklist is very detailed and to make life easier for home offices, we have developed a mobile phone App that allows you to carry out a basic audit yourself. This is available at:

<http://itunes.apple.com/us/app/sina-safety-audit/id505946516?mt=8>

WHAT ABOUT FIRE PREVENTION?

"Legislation requires separate fire alarms to serve the living and bedroom areas. The nine volt batteries should be changed annually, and doing this on April 1st is a good idea. You should also have a fire extinguisher – especially in the kitchen area. Fire extinguishers need to be checked every 12 months."



WHAT ARE YOUR MAIN TIPS FOR PEOPLE WORKING FROM A HOME OFFICE?

- Invest in a Safety Audit. The cost is just a few hundred dollars, and it means that you are serious about safety and are taking reasonable steps to ensure a safe working environment.
- Follow the recommendations of the report. If it is filed with no follow up action it is worthless.
- Ensure that work areas are set up correctly and that desks and chairs are chosen with good ergonomics in mind.
- Be aware of good body posture, and move about every 30 minutes.
- Make sure that you have public liability insurance included in your work at home, and ensure that you are covered if a visitor is injured – or if you damage property or injure someone on a visit to another office.
- Remember that safety is no accident – it is a series of conscious steps and continuous awareness and vigilance.



THERE IS NO LIFE WITHOUT WATER REFRESH WATERS

"Water is life's mater and matrix, mother and medium. There is no life without water." Albert Szent-Gyorgyi, a profound thinker and biochemist who won the Nobel Prize for medicine in 1937, also had this to say: "Discovery is seeing what everybody else has seen, and thinking what nobody else has thought."

Water is indeed the source and foundation of life, more valuable than tangible wealth and all the Treasures of the Orient, and yet, as Rachel Carson, American marine biologist, ecologist and conservationist reminded us in Silent Spring (1962): "In an age when man has forgotten his origins and is blind even to his most essential needs for survival, water, along with other resources has become the victim of his indifference."

We all know the catch cry of doctors, nutritionists and health practitioners which is presented in many formats, but can be distilled down to 'For the good of your health, and as part of a well balanced eating plan, make sure that you drink two litres of water each day.' There are the predictable naysayers, of course, but few can challenge the basic need for human beings to drink plenty of water on a regular basis to flush toxins from the body and assist in the process of hydration. Whether we like it or not ... we are after all, composed of 70% water.

And so what choices are available to us? Tap water – what unfriendly, unseen particles does it contain that may do us harm? How much fluoride is in our scheme water – what effect does it have on the body? And what of the many choices of bottled 'spring' and other water on supermarket shelves that are transported at vast cost from Europe, South Sea Islands, from the Eastern States and various groundwater locations around Western Australia? What exactly is the quality of this

'spring water', and how can we really be sure that it's as pure as it claims to be?

There is an old idiom that says: 'You pays your money – and you takes your choice', and what the idiom lacks in grammatical correctness, it makes up for in truth. With bottled water, you read the label, pay the money and hope you have made a sound decision – or (more likely) you don't think about it all because you believe all water is the same, and that it really doesn't matter.

It needed someone with a stirring imagination to view the whole issue of water quality from a different perspective. When Henry Heng flew with his family to Western Australia in 1996 as a skilled migrant he could have started any one of a number of businesses, but not unlike Szent-Gyorgyi many years before, he saw what everyone else saw in the world's most basic consumer product, and started thinking another way.

As a result, Refresh Waters, a great West Australian business whose parent company is listed on the Australian Securities Exchange as Refresh Group, started to take shape, and now produces water of such matchless quality that mothers can give it to their babies without the need for boiling or other preparation. We visited Henry in Refresh's Malaga factory to get the 'drop' on what really separates his product from the rest.

WHAT INSPIRED YOU TO LOOK AT WATER AS A BUSINESS PROPOSITION IN THE FIRST PLACE HENRY?

"When I reached Perth I was looking for a business opportunity and it just so happened that someone in my church was selling water distillers. I was not interested in small, home distillers but could see the potential of a large scale operation. I was studying for my MBA at the time, and after discussing and sharing the possibilities with my MBA colleagues, the business commenced in August 1997. The distillers and other equipment arrived from the USA at the end of the year – more or less at the same time as I completed my Masters – and then we launched Refresh to the West Australian marketplace."

WHAT IS IT ABOUT WATER THAT ATTRACTED YOU AS A BUSINESS?

"We saw the potential in a sense that Australia is the driest continent on earth. The only thing that limits population growth is water, and desalination plants are expensive and only part of the story. We saw the need to produce drinking water of outstanding quality and a distilled product which could also be used without further treatment by certain industries."

"Thankfully, we hit the right strategy from the outset and identified markets where there was acceptance of our product. By the second year, we were already profitable and there has been significant growth from there. The initial plan was to build a business that would not necessarily be massive, but which could support strong cashflow – however, Perth was a relatively small market and we saw the opportunity to open up in Sydney in 2003, and then in Melbourne in 2005. This was followed by an ASX listing, and having bought additional businesses in Toowoomba, Kalgoorlie and Brisbane, we now have six plants throughout

Australia, representing a genuinely national operation."

ARE HOME AND OFFICE DELIVERIES AN IMPORTANT MARKET FOR YOU?

"Yes, this sector represents around two thirds of our business. We are one of the only two national suppliers in this sector."

"People are also becoming more generally aware of quality and we look for the word 'pure' a lot of the time. The issue, though, is that water authorities have to add chlorine to water to ensure that it is potable, but studies in the USA have indicated that chlorine increases the risk of cancer by at least 20%. Just because water is free of harmful bugs so that diarrhoea and cholera and other diseases are avoided does not mean that tap water is good."

"Only 5% of the water provided by the Water Corporation in WA is actually used for drinking and food preparation – the rest goes on the garden, into swimming pools and is used to support industry. The cost of purifying so much water would be astronomical, and therefore it is everyone's responsibility to ensure that they take their own steps to remove harmful elements from the water they drink. Filters and filter jugs are a step in the right direction, but nothing beats distilled water which is as natural, fresh and sweet as Nature's own product which is of course rainwater."

WHEN IT COMES TO SCHEME WATER QUALITY, HOW DOES PERTH STACK UP AT THE PRESENT TIME?

"Perth does not get enough rain and the overall water quality from the tap is fairly poor. It is better south of the River because that's where the dams are located, but in the northern suburbs, some places' water quality does not meet World Health Organisation standards which state that total dissolved solids of mineral salts in water should not exceed 500 parts per million. In parts of Australia, that figure is over 1,500 parts per million, and Adelaide water is even worse than Perth. When you go to the North West where the resources boom is underway, water quality is a real concern. People tend to turn a blind eye to the issue, but water quality is directly related to health, so it is an issue that should not be ignored."

"Since Australia is such a big country, every City's water quality is different and has to be considered separately."

WHAT ARE THE ISSUES SPECIFICALLY ... CAN WE JUST LOOK AT THOSE IN MORE DETAIL?

"Most of the minerals in tap water would be filtered out by a healthy kidney. And that's the reason why the World Health Organisation stipulates 500 parts per million for potable water because the kidney will filter out most of these. If there is an overload of mineral salts in water you are overworking your kidneys, and of course how many people have got perfectly healthy kidneys?"

"As to the composition of water, generally most of the components are not harmful. However, chlorine added to tap water is documented to be harmful. Fluoride is added to strengthen tooth enamel but medical opinion suggests that it may also harden artery walls – and there is still constant debate as to how harmful fluoride is. Other than fluoride and chlorine, most of the other ingredients in tap water are actually not harmful."

IF YOU WANT TO IMPROVE YOUR WATER QUALITY AT HOME, WHAT OPTIONS DO YOU HAVE?

"The jugs with filters or in-line filter systems are good, but when you factor in the cost of changing the filters, they are not a cheap option. When people forget to change the filters and keep using them for weeks after they should have been replaced they are in danger of doing more harm than good since bacteria actually starts to grow in and around the filter, unless it comes with a sanitiser."

"Another option is to plumb in a reverse osmosis system which uses a carbon filter and membrane which can be changed by the user – generally after six months for the filter, and 12 months for the membrane. Reverse osmosis produces excellent water, and filters out chlorine, fluoride and dissolved minerals very effectively. Refresh offers this option to clients, and a number of different models are available depending on the application and requirement."

"We also continue to sell home distillers. These are more expensive than other filtration systems but have less recurring costs. Any

model of distiller produces the same quality of pure water, but prices vary depending on materials the distillers are made from and the distilled water output."

"That said, we believe that the ultimate in water quality is produced by our factory distillation system, and we make it possible for domestic and business consumers to take advantage of this exceptionally high quality water by offering a free delivery service within metropolitan Perth."

WHAT IS THE DIFFERENCE BETWEEN REFRESH'S DISTILLED WATER AND OTHER BOTTLED 'SPRING' WATER?

"In Australia, when we talk about 'spring water' there's no regulation stipulating that it should actually come from a spring. You can bottle any groundwater in Australia and call it 'spring' water - including groundwater from a farm. It doesn't have to come from a spring, but it must be natural water and it needs to go through a filtration process in a factory."

"The Refresh brand only has distilled water and we use a patented American distillation technology which ensures that wherever you buy our water, whether it is in Sydney, Melbourne, Brisbane, Perth or the North West of Western Australia – it will always taste the same. Our water is a homogenous product coming from the same equipment. In contrast, you may well find that spring water on supermarket shelves may taste different in each individual State because it comes from different sources of groundwater, and not a homogenous product."

DOES DISTILLED WATER HAVE THE SAME KIND OF LIFE FORCE AS OTHER WATER – OR DOES DISTILLATION REMOVE THAT?

“While some people write negatively about distilled water on the Internet, our technical analysis indicates that there is plenty of life and energy in our water. It mimics natural rainwater which comes about as a result of evaporation and condensation. We simply use a heat process to vaporise the water, then we collect the condensation and bottle it. The water quality is so good that we supply it direct to science and other laboratories, you can use it in car batteries, and it is ideal to put in steam irons to avoid calcification and scaling issues. Our core product therefore has many other uses apart from drinking.

“In addition, for those who would like an even higher level of oxygen in their water, we developed a premium product called Oxyfresh. It is produced using a German oxygenator and GIE activation technology, and includes Himalayan crystal salts which have been formed over thousands of years.

“We have many testimonials from people who have benefitted from drinking it – especially those who are ill or not fit enough to take normal exercise. Studies carried out in Germany even suggest that the drinking of oxygenated water may assist in combating cancer cells.”

WHAT DOES THE FUTURE HOLD IN TERMS OF THE PROVISION OF WATER IN WESTERN AUSTRALIA?

“As we all know, the population of Western Australia is increasing at an exponential rate – and the provision of water via the dams will come under increasing pressure and struggle to keep up with demand.

“With greater awareness of the health benefits that pure water offers, we see an increasing demand for high quality drinking water produced by well engineered reverse osmosis units in each home or office, or our advanced Refresh distillation process.

“Just as in the words of the timeless advertisement, ‘Oils ain’t oils’ you can say with equal certainty that ‘water ain’t water’ – and when it comes to health and wellbeing, it pays to check on the quality of the water you are drinking, and always choose the best.”



HENRY'S TOP TIPS

- Be aware that tap water will include chlorine which is known to be harmful to your health if not removed.
- It will also almost certainly include fluoride which not only hardens tooth enamel but may also harden your arteries.
- While filter jugs or in-line filters do a reasonable job by removing chlorine, fluoride and many other impurities, ensure that you change the filters in line with the manufacturers' recommendations since these filters can harbour bacteria if left in your jug for too long.
- Reverse osmosis represents an efficient filtration system – however you do need to replace the filters and the membrane periodically.
- Home distillation units are more expensive upfront, but have lower recurring costs.
- You are well advised to drink around two litres of water each day to flush your kidneys and remove toxins. Ideally, water should be drunk at room temperature and in small amounts regularly throughout the day.
- Consider the benefits of drinking water with a higher than usual oxygen content – especially if you live an inactive lifestyle or are unwell.

Leadership



SUCCESSFUL BUSINESS THROUGH MENTORING AND LEADERSHIP

CONSCIOUS BUSINESS AUSTRALIA

It is an old truism that without sales, nothing happens. Great salespeople have an unerring ability to cut through the clutter of confusion and uncertainty in purchasers' minds, and through skill and persuasion, lead them towards a purchasing decision.

Salespeople can be like shooting stars – bright, compelling, inspired and inspirational, but off on their own tangent and self-directed more often than not. Without leadership, salespeople are not nurtured, coached and directed on a genuinely productive path. If you guide and mentor salespeople, and those who support them, you not only improve their effectiveness but start to build an organisation that functions on an entirely different level. It will have world-beating qualities.

A well structured organisation cannot live on sales alone – it needs layers of strategic, visionary and line management to integrate the organisation's skill-sets into a cohesive whole. Leadership is the defining factor – and is the difference between very average, chaotic and misdirected organisations with poor reputations – and outstanding organisations whose reputation for quality, integrity and service is the benchmark for Excellence in their specific industries.

Leadership on its own is not enough though. There are plenty of examples of genuinely awful, cynically-directed organisations which are astutely led but rapacious and profit-driven seemingly at all costs. It comes down to measuring the customer experience – what it is actually like to purchase a product or service from such a company.

Let us use the example of air travel. The very best airlines on the Planet value their customers and aim to win loyalty through excellence in customer service. Jan Carlzon,

ex-President of SAS, wrote a defining book entitled *Moments of Truth* in 1987. He provides us with countless examples of Conscious Business Leadership decades before the term was coined. By following his example, SAS turned its operations around, became profitable and the carrier-of-choice within its region.

In contrast, there are airlines in Europe now that are notionally profitable, but achieve that profitability at the expense of mangling the customer experience. Their cynical lack of generosity is reflected in travellers having to pay for going to the toilet during flights, discovering that they have to pay to take hand luggage on board, having to pay through the nose for anything to eat or drink during the journey, being hit for every conceivable bank charge and being penalised at every possible opportunity. The low price linked to 'No frills' becomes 'No Thrills' very quickly, and customer 'loyalty' is as skin deep as who is offering the cheapest flight after all the cynical rip offs are taken into account. This is no way to run a Conscious Business in the 21st Century.

Sir Richard Branson's Virgin Australia and Virgin Atlantic are fine examples of airlines which have taken an entirely different course, and are watchwords for Excellence in how they protect and nurture the brand by providing an outstanding customer experience. It is no surprise that Sir Richard Branson is a world leader in promoting Conscious Business principles, and in Australia, we are lucky enough to have our own Richard Boyd whose work as a business mentor, coach and thinker

has become noticed and appreciated at the highest level – not only in Australia, but by key business leaders in Europe and the USA.

We spoke to Richard and asked him some questions on some of his favourite topics including Mentoring and Conscious Leadership.

IN ADDITION TO YOUR ROLE AS A LEADER IN CONSCIOUS BUSINESS PHILOSOPHY, YOU HAVE BUILT YOUR REPUTATION AS A DOWN TO EARTH COACH AND BUSINESS MENTOR. THIS APPEARS TO BE A VERY CROWDED MARKETPLACE ... SO WHAT SHOULD YOU LOOK FOR IN APPOINTING SOMEONE TO GUIDE YOU IN BUSINESS?

“Coaching exists in many different dimensions and includes life coaching, business coaching, performance coaching, executive coaching and mentoring. The whole industry is unregulated, without governing standards or any overarching compliance body. This means that anyone can set themselves up to be a coach and the problem we face is that ‘coaches’ fall into three main categories.

“The first contains those who have very little life experience and very little business experience, who come into the industry and adopt a template or cookie cutter approach based on methodologies that they tend to try and apply across all people. The second category is people who have had considerable life as well as business experience, but those experiences have not necessarily been positive or successful. As a result, they do not have the right degree of self realisation to really bring those lessons forward into the coaching framework.

“The third category embraces people who have had business success, and life experience where challenges have been overcome with a degree of rigour and they hold a degree of qualification in an industry where there is no overriding qualification standard. For example, in my case, in addition to running successful businesses over a number of years, I have an MBA and qualifications in both psychotherapy and coaching as well as a string of related certifications.

“Anyone who would like to appoint a business coach is confronted by a smorgasbord of offerings and it is challenging to define what these coaches stand for and are trained in.

Conscious Business Australia is different in that we deliberately choose people who have the following DNA:

- A background in business, with employee as well as successful entrepreneurial and business ownership experience. That means they know how to create a business from start up and take it to goal-driven business success in whatever terms ‘success’ is defined.
- Qualifications as therapists, counsellors or mentors in some modality or degree. The art of being in business is to overcome your limited self and become self aware, and so when clients come to us they can expect to be interacting with a mentor who, in addition to business skills and experience, is trained to MBA level in either psychology, psychotherapy, counselling and body/mind disciplines which include understanding neuro science concepts as they apply to what motivates people in a positive or negative direction.
- We also demand that our people undergo continuous professional self development and are exposed on a yearly basis to over 200 hours of additional training or qualification in business or human consciousness area. That means that we are never resting on our laurels and are always learning and bringing new material to our clients.

“In summary, you should look for a coach who has an exceptionally broad range of practical and theoretical skills, and the experience to balance left and right brain thinking. You simply cannot acquire these skills and abilities with a cookie cutter ‘read it up and apply it’ theoretical approach. It does not work that way.

TIP: “Before appointing a business coach, interview them and find out as much as possible about their qualifications as a coach, other qualifications to degree or post graduate standard and business experience which should include owning and managing a successful business over a number of years. Are they passionate about their career? How do they motivate staff to excel at what they do? Find out as much as possible about their philosophy on Life. Is there a comfortable personal fit, and will you be able to work with

and trust this person over the longer term?

“Listen to your ‘inner voice’ and what your ‘gut’ and intuition tells you. You should ask for references, and speak to others who are being, or have been coached recently by the person you are considering. Do your due diligence in every sense of the word.”

WHAT IS THE PROCESS WHEN YOU FIRST ENGAGE WITH A CLIENT?

“The difference between Conscious Business Australia and many other coaching companies is that we are situational to each of our clients. We understand that everyone is unique and that you cannot just apply a methodology, a template, a set of processes and systems over a person and expect those tools to fully recognise and represent that person’s unique set of issues.

“We start from a place of personal interview and understanding of a person’s background, and we look holistically at their life before we start to look specifically at the context of their problems - whether they be life problems, relationship problems and/or business problems. We often find that when a person is having problems in business, they are also having problems in their personal life, so the presenting issue is often only a symptom and not the cause. With skill and awareness we can trace back to the root or the origins of the problem. Conscious Business Australia is about looking at origins and causes not just treating symptoms.”

HOW DOES RIGHT BRAIN AND LEFT BRAIN THINKING AFFECT THE MECHANICS OF BUSINESS, AND IMPINGE ON BUSINESS SUCCESS?

“The conventional business coach will know how to get you into business and its various left brain constructs and processes. The left brain of business is considered to cover mechanistic, logical, rational, deductive, mathematical and problem solving. We cover that ground because it deals with the practicalities ... for example, building a website, registering an ABN, defining the business name, having a logo designed, opening a bank account, defining accounting processes, working on a marketing strategy, dealing with objections and researching the competition.

“We add to that component the right brain creativity of making businesses that are more than functional. We work with people who seek to become differentiated and compelling in their brand. They want to be something that comes alive and energises with their customers, and they want to be loved and create a user experience with all who would engage with them. They want their brand to become well known, to become associated with good things ... that whole area is right brain. Once we understand that we have used the left brain to get you into business, we show you the path to business success which is the place of emotional, ecological and spatial intelligence. It is the mindset, and it is understanding the psychology of business.”

DO YOU HAVE SPECIFIC TOOLS WHICH YOU DEPLOY IN HELPING CLIENTS HOW TO FUNCTION BETTER AS INDIVIDUALS ... AND AS BUSINESS PEOPLE?

“The first place to start is self awareness – and that involves helping clients to understand who they are and ‘where they are at’. We use a proven set of psychological parameters based on the work of Dr William Moulton Masterton who created the DISC behavioural profiling tool. We use the most recent version of the Extended DISC tool which derives from the original DISC methodology. We could write a whole book about this subject in its own right, but the key point is that Extended DISC helps us to accurately reveal to clients what their strengths are, and where their weaknesses lie.

“Ideally, to be happy and successful, we need to be in ‘flow’, so that life, business and relationships work with us, and not against us. If the opposite is happening – and relationships are in tatters, business is going badly and he or she is basically unhappy, we can demonstrate

how they may be in ebb, which is the opposite to flow. This is where we can start to make a difference, because unless you can find balance as an individual human being, you will not be able to bring balance to your business or be successful.

“As you can see, this is a holistic approach where our knowledge, experience, expertise, professional skills and humanity are applied to understanding and identifying the problems, and then clearing a path so that the client can start to bring personal and business life back into balance. ‘Balance’ is a very important concept; if you are forever swimming against the tide and bumping into rocks and problems, you are out of balance – and it does not have to be that way. This is what mentoring with Conscious Business Australia is all about.”

IS IT POSSIBLE TO REPAIR THE DAMAGE OF BAD PERSONAL OR BUSINESS EXPERIENCES – OR DO WE JUST HAVE TO JUST ACCEPT THAT THOSE NEGATIVE EXPERIENCES WILL HOUND US FOR THE REST OF OUR LIVES?

“The real limitations of the coaching industry, which are down to the fact that coaches generally are not trained in mental sciences, is that they believe the fallacy that coaching can only exist in the present moment, and it cannot look backwards in time. That whole assumption is false and flawed. If you do not look backwards to origins, then you are only dealing with symptoms, and so this contrived artificial idea that coaching contains itself to the present moment gestalt and awareness does not deliver depth in terms of results.

“This is why many people have disappointing results with coaches because the coaches are not grounded in enough theory and life experience to be able to go backwards and

make sense of the person’s past to give them a valid reality and framework for the present and the future. A coach who has only completed a week-end or week long course in NLP or some other related modality can also be more dangerous than one who has no exposure to consciousness concepts. There is rigour, professional ethics, boundaries and considerations that five years of training in a mind science discipline gives that cannot be imparted or taught via quasi professional level training over week-end or week-long sessions.”

WE HAVE SAID THAT CONSCIOUS BUSINESS AUSTRALIA APPROACHES THE UNIQUENESS OF EACH CLIENT’S SPECIFIC CIRCUMSTANCES, AND DOES NOT ADOPT A ‘ONE SIZE FITS ALL’ COOKIE CUTTER APPROACH. DOES THIS MEAN THAT YOU NEED TO DEVISE A UNIQUE MODEL TO SUPPORT EACH CLIENT’S BUSINESS?

“As a basic business philosophy, we believe that every business should set itself up as if it was going to franchise or licence its Intellectual Property. A franchise understands every aspect of the business, everything is documented, and all processes are mapped out explicitly so there is no longer a reliance on individuals and their knowledge. People come and go for various reasons, and if you leave the corporate memory within their head, then when they go you lose a part of your business’s DNA as they walk out through the door.

“We say, from a risk perspective and also from an excellence point of view, that we should document the business so that it can be lifted and re implemented anywhere with a new set of people, based on the descriptive documentation process and an understanding of how the business works down to the finest detail. Businesses fall apart when key individuals leave and other people do not understand the skills that need to be deployed, and they cannot recruit effectively because they do not understand the mechanics of the business sufficiently.

“We help businesses to build the possibility of an exit strategy – and that is only achievable by engineering the business in an effective and structured way. As you can see, this is left brain coaching – which is just as necessary

as ‘wowing’ clients with right brain customer experience and service, and communicating ‘Love’ in a business sense.”

IF LEADERSHIP IS THE DEFINING FACTOR IN BUSINESS SUCCESS, HOW DOES IT FIT INTO THE NEW REALITY OF CONSCIOUS BUSINESS?

“The topic of leadership is one of the most written and commented about areas of business theory. An Internet search engine result for ‘leadership’ returns thousands of pages of content, so it is a confusing world of contradiction to walk your way through the maze of leadership literature. Part of the problem is encased in the plethora of leadership texts, books and training events in the past which introduce ‘leadership’ in terms of ‘what’ one should be doing. Such a reductionistic approach to leadership taught leaders what to say and when, but it was like training a parrot. The parrot can only speak what is taught and cannot learn to speak for itself. How many of our leaders in the old economy merely parrot empty platitudes and words with no meaning?

“People are tired of leaders espousing words of carefully crafted scripts, speeches and spin that someone else wrote and researched. Human beings have the facility to know when words are hollow and lack meaning. People do know when they are being spoken ‘at’ rather than engaged and spoken ‘to’. Leaders in the past have been taught success formulas which were rigid, prescriptive and lacking any real sense of values, meaning or purpose.

“The symbolic turning point in the changing power of how society reacts towards leaders behaving without the full truth, without transparency, or using manipulative techniques and formulas of spin, was the ‘News of the World’ affair involving the Murdoch empire. This scandal was fought out over months and involved the typical corporate spin being employed to control the perceptions of the public, but the amount of social media, investigative journalism, police investigations, and public outcry, brought down the bright shining lie that the conspirators had tried to use as a shield against revealing the truth.

“For the first time many different sections of society mobilised in an organic way and kept probing, kept asking questions, kept

debating and revealing new information, so that the world’s most powerful information empire could not hold out in its original and subsequent positions around what had occurred, who was involved, to what extent, and who was affected and for how long.

“The rise in social media connectivity at the grassroots in the global village has empowered everyone to be a critic or a voice in some way. The rise of citizen journalism through blogs, Facebook and other sites means that voices are mobilising. These winds of change are also affecting economies and the businesses within those economies. There is a shift in society towards a new economy that is creating a whole new set of expectations regarding not only how businesses should be run, but also how their leaders should conduct themselves and lead their staff. Raised Community expectations demand that businesses behave from a clear set of values that have a positive effect of staff, families, the Community, the environment and the social and business fabric where that business operates.

“This means playing fair not just playing hard, respecting others not using others, participating and helping not just helping oneself. The transparency in Community through such levellers as social media and the Internet means that scrutiny has never been so great, and that spin doctoring, push marketing and propaganda is cynically exposed and used to tarnish reputations like never before. Leadership in the new economy is a whole new ball game that leaders must quickly learn if they are to survive and then thrive in the new world of Conscious Business. In the future the individual decisions and actions of business leaders will in turn influence and shape employee day to day actions which in turn will define the culture of that business, but more importantly the brand of that business.

“A leader of tomorrow must understand the changing consciousness of the society that it conducts business in. There is now a widespread sentiment that businesses need to have a social responsibility ethic as part of their reason to be in business. It is no longer acceptable to be in business ‘for profit only’ motives as espoused in many leading business journals, think tanks and corporate boardrooms across Western society in the old economy.

"In the past, the idea that business had any other responsibility than to its owners and shareholders, was laughed at and ignored as an example of poor leadership or business sense. Business is now widely blamed for many of the ills and excesses in our society including environmental degradation, financial crisis, rampant consumerism, and corrupt practice by politicians in collusion with business. At the grassroots level of society we find human consciousness has evolved to a collective level never seen before in our recent history. The rising standards of living, the vastly improved access to education and information afforded by the Internet, has awakened people to new ideas, new information and so a new set of concerns and needs and wants.

"It is in this setting that the leaders of the new economy must operate with total honesty, total transparency, and from a clearly visible set of values that are lived day to day in all parts of the business under their guidance. The ordinary members of society are calling for business and societal reform and change. They want to see a fairer outcome for all stakeholders in society such as shareholders, workers, families, the environment, the disadvantaged and the Planet as a whole. There is a widespread cynicism with the 'business as usual' blatant disregard of Wall Street, major banking and consulting organisations who are blamed for the GFC and other ills in society.

"The public is looking for a new form of business with a new form of leadership which is ethical, value driven and engaging and inclusive of the Community in which it operates. This is the basis for how leadership must be built moving forward into the new economy. The public wants its heroes again, but not narcissistic worship me types of

leaders we saw in the old economy. The public wants a new form of leadership in the mould of Sir Richard Branson who are self aware, intelligent, sensitive, live from a clear set of values, who mentor and motivate others towards excellence.

"Such leaders are often innovators who create happiness and fun, are custodians of the environment, and who are sensitive to the footprint of their businesses in their Communities. They are seen to live to their values and are not found to be duplicitous with hidden secrets or behaviours that betray their public image and reputation.

"Sir Richard Branson states that 'doing good is good for business'.

This statement appears a contradiction to the old economy operator but is viewed as an agreed norm in the new economy. We will see moving forward, a distinct split between old and new economy operators in coming years, and the experience that the public will have with each will be in sharp relief to each other.

"As we move towards the new economy the demands on leaders increases and compels them to become more self aware, more socially engaging, and with higher emotional intelligence, skills and awareness of factors both within the business and within the community in which its business is done.

"One of the key roles a leader must play in a successful business moving forward is to constantly embrace and reinforce the five core edicts of new economy business thinking. These five core pillars are:

1. We exist to have a meaning and purpose beyond just profit maximisation.
2. We hold our people inside the business and outside in the community as those in whom we are in service to.
3. We are sustainable and accountable in our stewardship of resources and environment.
4. We respect that customers and consumers decide our success and define our brand.
5. We contribute to the community in which we do business.

"Leadership plays itself out around how these five core edicts will be translated from vision and statements into everyday action and behaviours inside and outside the walls of the business. The challenge becomes how to demonstrate these core edicts into the way the company brand, products, services, operations and communications all interact with consumers and how that can then exceed customer expectations in an increasingly transparent world.

"Leaders, above all must know how to engender trust over time with all the interconnected stakeholders who make the lifeblood of the operation come alive. There has to be a consistency built around the way the customer experience plays out each time to repeat customers.

"Leaders are being compelled to understand, and take into account, the ecological and social factors of their business when evaluating who to align with as subcontractors, suppliers and in related purchase decisions. Consumers are not buying anymore the claims that businesses who do business with unethical suppliers are somehow innocent of involvement or exploitation by association.

"The leader must show their values through their passions and emotions in a way that is positively infectious for those around them. If doing good is good for business then 'actively creating' excitement excites the business. Humans are emotional beings first, and thinking/mental beings second, and so genuine displays of positive emotions resonate and activate congruent emotions in those engaged and aligned in values being displayed in passionate encounters.

"The passionate engagement both inward and outward facing is a key trait of new economy leaders. As all businesses understand today it is difficult to attract and retain key talent, especially when those employees are from the Generation X or Y demographics.

"Leaders must understand the value chain in companies start with staff. When you excite and motivate the people who work for you, then they face outwards to customers who also become excited and engaged with that infectious energy which will have the greatest chance of making them happy, and the

profits then flow through to a delighted set of shareholders and owners.

"In too many old economy businesses we find staff are seen as costs to be minimised, as overheads to be managed, as liabilities to be controlled. The old economy ways of engaging and motivating staff was embarrassing as it often was left to pay unjustifiable increases as the reward mechanism that stems from the work performance recognition process.

"Business today finds to its dismay a lack of engagement and involvement by leaders with staff is leading to poor productivity, high staff theft and absenteeism, and high sick leave and staff turnover rates. It is all too easy to blame the attitudes of Gen X and Y as being narcissistic, lazy, indulged or immature but that is not the whole story of the disengagement of the key demographic base for businesses in the new economy.

"Leaders need to understand the values, passions and primary drivers of their staff if they want to attract and retain key members of staff, but even more than this, the ability of any business moving forward will rely on engaging all the mindsets, experiences, tastes, opinions, passions, and networks of the people who work in and with the business.

"If the business adopts this cultural 'custom' as a way of engaging its human potential, then it can start to innovate, co-design, co-create and experiment with new ideas and solutions. This process brings meaning and purpose alive in your staff as well as in your business.

There is a huge win-win here, as passionate and purposeful people are happy people and that positive energy will communicate itself in community engagements and at touchpoints in business markets.

“The evidence from a culture where the leadership engages with staff in this way has been found to foster the creation of new business values via:

- Being widely regarded as an employer of choice, and therefore more likely to attract the best and most talented recruits
- Lower turnover and the costs that go with recruitment, training, replacement etc
- Stronger productivity and higher performance by happy and actualised staff
- Lower rates of sickness, theft, anxiety, depression, stress, and absenteeism by staff
- Better customer and stakeholder relationships
- Positive social media and citizen journalism ratings
- Higher profits and reduced costs

“Leadership in the new economy from this place has real impact. One of the hallmarks of old economy leadership was its lack of impact on the staff, on the business and in the community. The remote and aloof forms of modern leadership and executive board level engagement have become commonplace as they became templated, rigid constructs of best ‘how to’ dominated constructs.

“Left brained process and rule based behaviours became the conservative “play safe” mantra of business leaders who lost their ability to truly lead and create a vision that could be executed and implemented with energy and followership by staff. Today’s leadership conveys an impotence seen by change that is occasional, and more importantly only occasionally meaningful, relevant, innovative or substantial.

“This sense of crisis borne from a lack of identity around ‘who to be’ rather than current leadership theory on “what to do” reveals much of the problem. New economy leadership has, as a hallmark the primary

consideration in understanding oneself and from there how to behave and act as a consequence.

“‘Being’ always proceeds ‘doing’ and only from being can we understand the context for doing. What is more we find that it is within one’s being we find the foundational beliefs and values that makeup the inner life of a leader and how these inner resources will come into play. When we at Conscious Business Australia make conscious the “being” of a person we bring through our ‘Inner Design’ process the self awareness about how one’s values and beliefs shape the reality and perceptions of that leader or person.

“This is important as from this foundational state we have the basis to understand and map the business values to the values of the leader and realise the degree of alignment or mismatch there exists between a leader, the business brand, and the culture of that business. What is more we can look at how to have a leader live from their values in a meaningful set of ways that is easily seen and understood by all stakeholders inside and outside the business.

Once a leader understands who they are and what they are, then we look at how we will activate their values that are aligned to the business brand values, and importantly how to proceed with the business brand values unlied in the leader. Likewise we also examine how the leader will live their unlied values not matched by the business brand values.

“In every case we need to have a win-win for the business and the leader as the degree that a person actualises and lives their values, the more psychologically, emotionally, physically and spiritually healthy they will be.

This flows into performance, productivity and excellence on the job in the business and creates a healthy and inspiring role model for others to follow and engage with.

“This centeredness on the ‘being’ aspect of a leader is like giving a person a compass, which in this context is a moral or values compass. Leadership becomes easier when leaders learn to trust who they are through self-awareness,

and from acting on a core set of guiding principles, rather than trying to remember context, specific lists, instructions, skills and processes. They are all secondary and are far less relevant in the world of value centred leadership.

“The leader understands that they have some core responsibilities in their roles as business leaders. They understand the five edicts or pillars for being in business and see those fleshed out in their leadership roles are being more or less 12 core disciplines which are:

1. Understand when to change and create transformational change that has impact
2. Consistently impact those within and without the business with messages and actions
3. Mirror and model expectations by performing at the level of excellence that you want from the team
4. Mindfully challenge processes to be sustainable, ethical, efficient and effective to produce great results
5. Innovate and imitate in combination to produce breakthrough; and to disrupt current markets, thinking or norms
6. Create and live meaningful relationships and let go of transactional based thinking or focus
7. Be positive, curious and engage all brains of staff for new ideas and insights
8. Develop links into the community by empowering and giving permission to staff to develop initiatives linked to their personal and aligned business brand values
9. Work in and on the business across its member parts so as to be with the team
10. Develop other leaders and inspire others to find and live their dreams and aspirations
11. Challenge negative and limited mindsets, convention, norms and solutions that define your business and your markets with competitors
12. Celebrate and work with staff using fun whenever possible.

“This set of dozen disciplines are those which are common ground for any leader and any business to consider. They transcend any particular market sector or business type, and they have universal application in any new economy business.

“Each of these disciplines and their organising five core edicts stem from a primary set of values that are universal in and of themselves. Depending on the business brand values and depending on the values of the leader concerned you will find that some of the dozen disciplines are easier to engage with, and have far deeper resonance than others in the list.

“However, every business and every leader has blind spots as this is part of being human. The virtue of Conscious Business is that we assist leaders and businesses to find a ‘home’ for each of the 12 disciplines through personal commitment, group ownership and identifying leadership champions.”



ACTION STEP:

- ‘RETA’ (*Real Estate Tips & Advice*) is a Conscious Business project which embraces the values set out in the early pages of this book. For additional information on the growing RETA Community of like-minded businesses and business leaders, please refer to the project website: www.reta-project.com.au/consciousbusiness

RETA – The Last Word



'THE RETA ADVENTURE BEGINS'

When we first came up with the idea of publishing the definitive real estate tips and advice book almost twelve months ago, our plans and scope for the project were a little less grand. The publication you have just read through is a far cry from its original incarnation.

What was initially going to be a modest 150-page general reference guide soon turned into a juggernaut that created its own bow wave and momentum.

Little did we realise that a year later we would be putting the finishing touches to an almost 300-page real estate and property 'bible', jam-packed with relevant and valuable tips and advice from forty-plus industry specialists!

'RETA', as the publication has become affectionately known to all of us involved in the project, really has taken on a life of 'her' own and, inadvertently, created an active network of like-minded professionals, all with the one overriding purpose – enhancing the customer experience.

And now, we look back with pride at this 'one-of-a-kind' publication, knowing that, in RETA, we have a guide that will, in the years ahead, become the 'go to' reference source for all things related to real estate and property development and investment.

Flicking through the pages, article after article just jumps off the page, brimming with good advice, great ideas and basic information that will hopefully help the reader make a more informed decision on just about every aspect involved in the property process. From good solid practical tips on how and where to invest in property, what to invest in, how to appoint a reliable agent, conveyancer or auctioneer,



to building your dream home or purchasing your first investment property. It's all here in RETA, in easy-to-understand everyday words, provided as tips advice, not hard-sell advertorial content.

It's the sort of publication we trust you will turn to when you begin that quest to find and buy your first home. The first thing you will pick up when you want to know about how to go about obtaining a mortgage or start to think about the financial implications of a property investment involving negative gearing. The source you will seek out before setting out on an ambitious renovation or landscaping project on your property. Such is the richness and diversity of RETA's content, that we hope it will become your constant companion and a mine of information for all things real estate-related.

This book is also positive reinforcement of our fierce determination, from the outset, to maintain a high standard of professionalism from those companies and individuals we invited to contribute. Credibility and commitment were the main criteria we set for ourselves when assessing participants from the various sectors of the industry and the resulting content more than justifies that insistence.

The fact that those involved with RETA have organically evolved into a close-knit network of like-minded professionals, referring and doing business with each other, is further testament to the success and strength of the RETA concept.

It would be remiss of me if I didn't take the opportunity, through this Last Word, to recognise the incredible effort and passion my colleague Roger Andrew has invested into this

project. Without Roger's drive and commitment RETA would probably never have attracted the high level of support it has enjoyed.

Barbara Andrew has also worked tirelessly listening to and transcribing many hours of involved interviews, from which each chapter was produced. John Caputo too with his in-depth industry knowledge pored over every article meticulously giving us the benefit of his well-informed 'eagle-eye' to ensure content and information was accurate and factual.

As always, Toni Esser, our mega-star designer and publisher, turned our words and images into a free-flowing, catchy layout that gives the book its appeal and easy-to-read and follow style.

Our good friends and RETA members, Open2View Photography put their hand up to help out their RETA colleagues with a number of photo assignments to help ensure the images in the publication were all high quality and appealing.

In fact, thanks must go to all the RETA members who supplied us with a wide range of images to help illustrate and break up the

various chapters. But, above all, they deserve our praise and gratitude for their faith and confidence in our publication right from the start. Without their involvement, RETA would not exist.

Richard Boyd, our Conscious Business guru and RETA board member provided wise counsel and insightful advice to us that assisted in fully developing the potential of the RETA concept.

There are many others who have also made valuable individual contributions throughout this challenging publishing journey and their input and assistance has been greatly appreciated. On behalf of Roger, myself and the other members of the RETA team, please accept our heartfelt thanks.







So, is this the 'last word' on RETA? Most definitely not! It is merely the beginning of an action-packed 'RETA Adventure'. Exciting expansion and development plans are afoot for the RETA Network. Plans in which we would like to involve every one of you. To find out how you can become a part of the ongoing 'RETA Adventure' visit us at:

www.reta-project.com.au






“It's all here in RETA, in easy-to-understand everyday words, provided as tips advice, not hard-sell advertorial content.”


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