FBAA
Finance Brokers Association of Australia

The Finance Professional

Issue 15 June / July-2013
E-Mag

Mortgage Industry outside of the Banks

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THE FBAA WANTS YOU!

- ☑ **FBAA is accepted by all lenders for accreditation purposes**
- ☑ **FBAA is popularly known as the voice of professional credit advisors for finance and mortgage brokers**
- ☑ **FBAA can generate a variety of networking opportunities for you and your business**

The Finance Brokers Association of Australia (FBAA) continues to demonstrate to its members that we are truly dedicated to improving our industry and clearly understand brokers' needs. We are not reliant on lenders - and are not afraid of standing up to protect our industry.

The FBAA is run by an elected Board of Directors, State Presidents and Councillors - who are brokers themselves who volunteer their time to the association - attesting their dedication to improving the industry we all work in.

As our membership continues to grow, the capability of what the FBAA can do for brokers grows as well. We hold industry seminars to keep members updated and we communicate frequently with members on industry information and encourage members' feedback.

The TFP Co-Operative is here and has launched its Products and will be run exclusively to benefits FBAA members and their clients. The benefits it will give you are simply amazing - imagine a co-operative helping you work towards securing a better financial future.

A Strong Membership Means a Strong Voice

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emails to: editor@thefinanceprofessional.com.au

All Articles will be acknowledged, but it is this Publications final decision, as to those that go to print.

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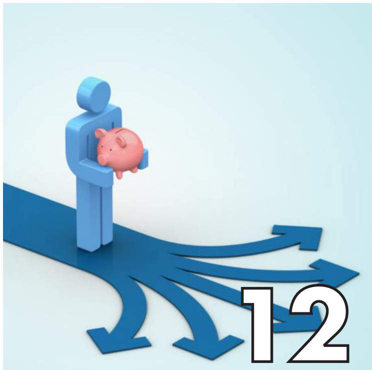

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Message from FBAA National President

Disclaimer

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Finance Brokers Association of Australia

Many Initiatives that we have been Planning

Peter J White
FBAA National President

Dear Members

It's been a busy start to the year with some exciting events happening in various states and many initiatives that we have been planning for the past year or more now coming to fruition.

To headline these for your I have summarised the same as follows:-

- MPID is waiting for you to populate your details so you can freely record your CPDs and professional ID, allowing you to accurately track how you are going and how that aligns with ASIC and the FBAAs requirements. It also allows you to produce reports that will satisfy your lenders, aggregator and ASIC as well as allowing the FBAA to look into your records without you having to advise us at renewal time
- Salesforce, our new database platform, has been undergoing further enhancements and adjustments that enable us to fully automate our membership renewal process plus to take payments online whilst also further integrating with our accounting platform and also our events system is being strategised for further integration
- Our 'would be' future industry brokers coming into the industry in the years and decades ahead has been strategised and agreed to by the Association Board, and shortly we will be telling you a lot more about this exciting undertaking which will be the first of many steps to ensure the future of our industry
- Online webcasts will be shortly available to you so at your leisure you can watch and be educated on many relative subjects 'free' via the FBAA's Member's Area in our website. CPD's are allocated to each video/webcast content so if your in a regional area and finding it difficult to get your CPDs here is another way we can assist
- FBAA events this year 'where possible' will be at no cost to attend. This also includes our National Industry Conference so mark 8 Nov 2013 tentatively in your diary (keep it quiet but it will be on the Gold Coast Qld this year)

FBAA Celebrating 20 Years Services to Finance Professionals 1992 - 2012

tfp co-operative

myFNI

www.fbaa.com.au

So it's a busy time as you can see, little on the day-to-day operation in Head Office which has our staff on the go all day - which is a very good thing.

- Social Media: our **LinkedIn** Group has taken off extremely well with topics and issues of importance to you and our industry being discussed - you need to join it.

Also if you want to know the latest on what's happening at the FBAA and industry news, also like us on **Facebook** and **Twitter**

And keep an eye on our **FBAA website homepage** for important daily news updates !

- Regulation - I have been in private and open stakeholder consultation with the Commonwealth Treasury on several fronts over the past months relating to :

* the POS Exemptions Review (basically our position relating to motor dealer loan writers is that all should be fully compliant under the NCCP as are brokers unless they can prove they will act under the law of the exemptions - which since July 2010 generally they haven't).

* review of Investment Lending regulations - I can't say much on this for now until I am released from confidential obligations but I can say it brings some practical clarity if my directions are held

* comments and submissions in regards to the further review of Disclosure Obligations is currently being sort for the Stakeholder Committee which we are in the process of undertaking

* a submission has been sort from the FBAA in regards to the review of Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013. Schedule 2 of the bill will implement a range of changes to the Corporations Act 2001, which include restricting the use of the terms 'financial adviser' and financial planner' to those persons holding a relevant Licence. Persons who do not hold Licences will not be able to use the restricted terms.

So it's a busy time as you can see, little on the day-to-day operation in Head Office which has our staff on the go all day - which is a very good thing.

Also I have a tip for you in regards to meeting your ongoing education and CPD obligations.

The regulatory guide RG206 says CPDs must be undertaken for not less than a total of 20 hours per annum and that the following activities may be counted towards CPD.

- Attending relevant professional seminars and conferences
- Preparation time for presenting at such seminars and conferences
- Publication of journal articles relevant to the credit industry
- Viewing DVD's or other visual material of professional conferences or seminars that are not more than one year old. Webinars are similarly included within this category. A maximum of 10 CPD hours per annum may be sourced from this category
- Completion of online tutorials and/or quizzes (produced with the prior year) concerning regulatory, technical or professional developments within the finance industry

It does not say it must be endorse by a lender, aggregator, RTO or even an Association.

So even if you read some industry literature or go to an event/seminar or have a lender educational meeting or the like, whether CPDs are allocated or not you can if compliant to RG206 claim them to your lawful record of undertaken CPDs - which of course we accept as well.

Have a great month and I look forward to seeing you as I get around to our FBAA events and meetings being held in this great country of ours (you'll see my updates on Facebook).

All the best - Peter

Have a great month,

Best regards Peter

*****

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THE AUSTRALIAN LENDING MARKET, WHO WILL DOMINATE ????

Ron Guthrie - Editor

A key element to the success of sustainable business growth in the Residential Home Loan Market is consistent lead generation and conversion. Essentially for Finance Brokers , a strong pipeline of leads is the lifeblood of their Operations.

Competition in this sector comes in the form of The Major Australian Retail Banks, which have an entrenched commitment to maintain control of the Housing Loan market regardless, and accordingly enjoy the Major Share thereof currently around 80% .

This dominance is unlikely to change or diminish in the predictable future and lessons opportunities for Brokers to write consistent levels of Business.

Another important issue is the sector/market volatility, and Brokers must also recognize and plan for this, notwithstanding the apparent competitive constraints placed upon them. Legislation must also be rigorously adhered to at ALL times .

Importantly though the notable differential advantage that Brokers do have over Banks lies in their potential/capacity to provide friendly and timely service/delivery, this is an aspect of Business that the Banks are most definitely NOT renowned for.

Whenever the Banks market share is threatened they simply take out the Competition by way of Acquisition. That's what happened to these Mortgage Managers:-

Who now owns RAMS ?
Who now owns Wizard ?
Who now owns Ausie Home Loans ?

When the competition again rebounds and the Banks want to keep control they will buy up Aggregators' :-

Who owns AFG ?
Who owns Plan ?
Who owns First Folio ?

I could go on and on about this as it happens with monotonous regularity and has done so over the past 3 decades.

What does the future hold for Finance brokers ?

Well to start with how many of them are there ? My research from ASIC stat's show that since the Licensing Regime started there are over 10,000 ACL Holders.

Now bear in mind that most of the Aggregators don't want their Credit Reps to hold Individual Licenses (in my mind this is a form of Golden Handcuff). ASIC cannot advise how many credit reps and support Staff there are in our Industry, but it is estimated to be in excess of 46,000 !
Now that's a BIG work force that the Bank's will continue to Monitor !

I wonder how many Finannce Brokers out there would like the use of a lead generation system promoted and Provided for them by their Association the FBAA?

The FBAA has launched its Finance Professional Co Operative (TFP Co Op.) Readers should contact the FBAA to find out more about this exciting initiative and secure their own pipeline report for the future growth of their business plans! It's easy to become a Member of the Co Op , just ring or email the FBAA National Office with your expression of interest.

I think this TFP Co Op will become an acquisition target of the Major Banks in the years to come.

As always enjoy the read,

Ron Guthrie
EDITOR

Dangerous mistakes to avoid – Warning on population growth as a key indicator of demand...

Les Unferdorben

Some people think that population growth is the key to capital growth.

The theory is that a location with a strong population growth at work will deliver real estate growth due to demand. As a method of reducing principles down to a rather simplistic digestible and easily to understand formula. They believe that following population growth is the key to successful property investing. That is not only over simplistic; it could also be downright dangerous and costly.

The reality is there are many key fundamentals for a sound property investment formula such as:

1. Demographics.
2. Infrastructure.
3. Employment.
4. Population Growth.
5. Rental Yield.
6. Supply & Demand.
7. Land Tax.
8. Government Incentives.
    I. NRAS,
    II. Grants,
    III. Tax advantages
9. Financial Structuring.
10. Valuations.
11. Property Cycles.
12. Current Position.
13. Goals and Objectives.
14. Risk Minimisation.

I often hear people stating that population growth areas are where you want to focus. They're making the mistake of looking at only one side of that simple equation – demand. The other side of that equation is supply – and that's where the problem lies.

Developers often invade the high-population-growth places – and build too much new product. No matter how high the population growth rate, it won't create capital growth if developers generate an over-supply.

That's why many of Australia's leading population growth areas have some of the worst-performing property markets. You could almost argue that flourishing growth in resident numbers is a signal for property investors to stay away.

For example. A few years ago many investors were interested in the western corridors of Victoria around Melton just out of Melbourne, because they had many of the growth-generating factors to look for in a hotspot. Population growth, infrastructure, employment and a young demographic. After initially delivering good real estate performance for a short period, they declined as developers moved in and over-supplied those markets with house-and-land packages.

Today, both those locations have poor capital growth rates, well below city averages. Over-building has meant vacancy rates have been 6% or 7% or higher for much of the past three years (although more recently vacancies have come down to more acceptable levels as many developers have stalled projects).

The overall message for investors is that they need to look beyond population growth and ask deeper questions – including questions about vacancy factors and the amount of new housing supply in planning.

As professional property investment consultants, we need to look at all these key factors but also identify key indicators of property in areas throughout Australia that are in a neutral market, ie, not a buyers or sellers market, but where rental yields are increasing and capital growth is yet to follow. This is an indicator of a supply

shortage, normally driven by an increase in local and surrounding area employment, that will lead to demand outpacing supply and capital growth will normally follow relatively shortly.

By doing this we can locate properties that are about to boom and in turn as an investor you will always be able to by in a rising market. If you wait for the media to tell you about boom areas then it is likely you have already missed the boat. Not only will your growth be slower, it may take many years to create enough equity to be able to add to your portfolio to create more wealth and your financial freedom.

So by identifying these areas, by the time governments build the infrastructure, developers catch on and councils approve land developments, you could have made your capital growth, your rental yields have increased and you should be in a much better position to add to your portfolio whilst everyone else is just starting to catch on.

One downfall though is that bank valuers can generally only use past sales as an indicator of current value. Whilst they do look to the future in terms of supply & demand, the current valuations sometimes come in short based on past sales evidence. And property valuation is definitely not an exact science. We quite often have seen property valuers on average priced homes come in as much as $40,000 different to each other. And as property valuers are generally considered to be risk assessor for the banks, only the bravest of them all will go out on a limb. But that is not to say you can't get valuations done up front to ascertain if the report is acceptable to your position. As property investors we need to look at not only what has happened in the past, but make decisions based on fundamental indicators as to the future growth of a property and act accordingly. The decisions you make now will be quite significant to your overall future wealth.

Some people like to buy investment properties in areas that they live close to because that is all they know. Or simply buy in the state they live in. But Australia is a big place. So ask yourself, are you buying an investment property so you can drive by and watch the grass grow, or are you buying it to create wealth?

We also need to consider land tax thresholds. The more property you own in one state, the more land tax you would pay. As land tax is a state based tax, by diversifying your portfolio over different states and in new properties, not only are we diversifying our portfolio, minimising risk and having less problems with maintenance etc whilst getting a higher tax rebate, we are also minimising and even avoiding land tax by staying under or close as possible to the thresholds. For example, if you had worked hard and built a property portfolio of $2,000,000 in land value is SA, then your yearly land tax bill would be a massive $45,770.50. But if you diversified across different states and managed to keep the threshold below each states threshold your land tax bill could potentially be zero until the values increase above the thresholds. This is quite a significant yearly saving.

So, to find areas that are in the right stage of the buying cycle for the investor, we also need to look at these key economic and personal fundamental factors:

1. How the overall economy is performing.
2. Which areas within those states are performing strongly.
3. Which properties are in the highest demand.
4. Where our current investment properties are located.
5. What our current position is and what our future goals are.
6. How we are going to structure our portfolio's. eg: Personal, Trusts, SMSF.
7. Determine if the value of the property is right.
8. Is the growth going to be short or long term.
9. When are we hoping to retire and how much do we need.
10. Exit strategies and retirement planning.

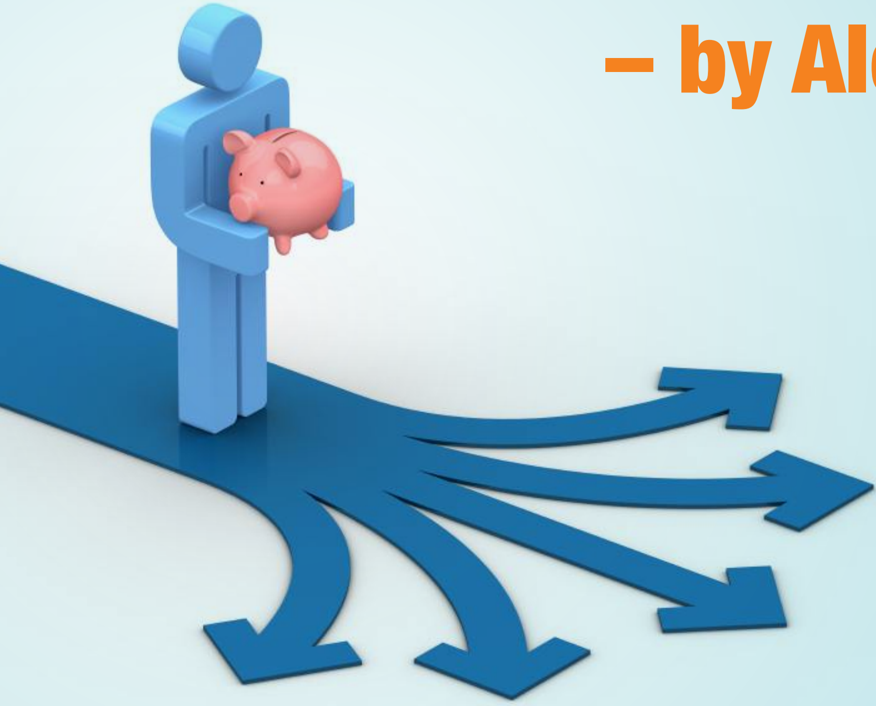
There certainly is a lot to think about before making any property investment decisions. With a holistic approach and proper research and strategies property investors can maximise their wealth, protect their income and create financial independence. By making the wrong decisions not only will they likely make costly mistakes but these mistakes can often take a long time to recover from.

To assist you as a financial professional focus on your core business and at the same time help your clients you can now join our leading Australian property investor referral program and start being rewarded for helping your clients generate a sound property investment strategy. Check out our website at www.acquiredproperties.com.au for more details.

Alternative investment

– by Alexander Reznik

BlueMount Capital



There is considerable asset allocation bias with SMSF trustees.

These major biases are:

- A very high weighting to cash and term deposits.
- A major bias to Australian shares (and very little in international shares);
- A large and increasing exposure to Australian direct residential and commercial property.

The big concern is that these three biases are resulting in SMSF portfolios that are poorly diversified, inflexible, lacking in many asset areas that currently offer better returns, and neglecting strategies that can reduce relevant risks in a portfolio.

The latest survey from SMSF administrator Multiport shows following results:

Sector	31 Dec 2011 (%)	31 Mar 2012 (%)	30 Jun 2012 (%)	30 Sep 2012 (%)	31 Dec 2012 (%)
Cash and short term deposits	26.7	22.9	26.8	26.6	24.5
Fixed Interest	11.5	12.3	10.5	10.6	11.2
Australian Shares	35.4	38.8	35.8	35.9	36.8
International Shares	7.7	7.6	7.6	7.7	7.9
Property	17.6	17.4	18.3	18.1	18.9
Other (Hedge funds, agricultural funds, and private geared and ungeared trusts)	1.1	1.0	1.0	1.1	0.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Multiport Pty Ltd

How does the average asset allocation of self-managed funds compare with that of the big retail, industry and corporate funds with balanced portfolios?

Super fund researcher SuperRatings surveys large super funds, not SMSFs. SuperRatings' figures show that as at June 30 2012, the large funds it surveys had an average of 31% of their assets in Australian shares, 23.9% in international shares, 16% in fixed interest, 6.8% in cash, 8.8% in property and 13.5% in alternative investments.

A comparison of the average asset allocation of SMSFs and large funds reveal some key differences.

The SMSFs surveyed have a much large exposure to property and cash, and a much lower exposure to international shares. Large non-self-managed funds have a significant exposure to alternative investments unlike the typical SMSF portfolio.

However, it is time to raise a challenging question. Why are alternative investments such as shares of non-publicly listed companies not more regularly included in portfolios of self-managed funds? Perhaps there is a lack of knowledge as well as a common prejudice that these assets may be too risky? If we consider these type of investment separately, this might be true, however if we consider them within the framework of a portfolio, we will see a different picture. Including high growth company shares in a portfolio will increase not only the risk of the portfolio but potentially the return of the portfolio as well. A proper allocation of the assets can increase returns while slightly increasing risk to the entire portfolio. A crucial role played by quality financial planners is to encourage their clients to think about the most appropriate asset allocation for their situation.

How does one find appropriate high growth or alternative investments to invest in? The Australian Small Scale Offerings Board (ASSOB) is Australia's largest and most successful business introduction and matching platform for showcasing investment opportunities in high growth, unlisted Australian companies. ASSOB operates its platform and compliance tools pursuant to the prescriptive requirements of ASIC Class Order 02/273 (Business Introduction or Matching Services) and section 708 of the Corporations Act (Cth) 2001. All companies on the Board a Limited companies.

Benefits of investing via the ASSOB Platform

Prior to investing

1. Due Diligence undertaken by ASSOB Legal to ensure a company is suitable for admission to the Platform
2. Companies mentored by a corporate advisor to assess business model, scalability, path to market, competitive advantage, financials & valuation, board & management team strength, use of funds, development milestones and many other factors critical to success.
3. Meet the founders, directors and management personally and 'walk-the-floor' of the business.
4. Professionally prepared documents are produced for the investor.

Investment process

1. Proper equity ownership recording
2. Minimum Subscription clearly detailed and managed
3. Non-statutory trust accounting practices to hold funds until preconditions are satisfied
4. ASIC lodgement monitoring
5. Adherence to initial and ongoing ASSOB compliance requirements in addition to legislative obligations.
6. Cooling off periods prescribed

After investing

1. Company Profile page tracks the company's performance and communication
2. Secondary sales of shares through ASSOB's Secondary Sales facility
3. Enhanced investor relations through Announcements
4. Company Documents archived for download

Companies wanting to undertake a capital raising campaign through the ASSOB Platform are required to engage an approved 'Sponsor' to assist with admission procedure and compliance. Sponsors help companies understand the application process and guide them in their responsibilities and obligations to ASSOB as well as promoting companies to their network of investors.

BlueMount Capital is one of the largest Sponsors on ASSOB and currently represents a number of opportunities eg. www.assob.com.au/omk. We also represent a range of unlisted and pre-IPO matters that would be suitable for investment by SMSF, private or venture capital investors. For more information please see http://www.fundingstrategies.com.au/index.php?page=investors&section=1.

Through ASSOB and BlueMount Capital, investors can also achieve better diversification through buying small parcels of shares of different companies to achieve appropriate portfolio structuring.

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References:

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http://www.assob.com.au

Dear Peter

AUSTRAC has published a draft Cost Recovery Impact Statement for the 2013–14 AUSTRAC supervisory levy.

Also in this edition of AUSTRAC e-news:

- new webpages for AML/CTF Rules
- Proposed exemption from account-blocking obligations of the FTR Act
- AUSTRAC case study: Australian terror suspects sent funds to Somalia to support terrorist group.

OoOoOoO

AUSTRAC releases draft CRIS for 2013 – 14 for consultation

AUSTRAC has published a draft Cost Recovery Impact Statement (CRIS) for the 2013–14 AUSTRAC supervisory levy.

The CRIS is open for public consultation until 21 May 2013 and AUSTRAC encourages businesses to provide feedback.

The CRIS outlines the cost recovery model and charging structure for the 2013–14 financial year and includes estimates of:

- the cost of AUSTRAC's regulatory activities
- the amount of the base, large entity and transaction reporting volume and value components of the AUSTRAC supervisory levy.

AUSTRAC anticipates that invoices for the 2013–14 levy will be sent from late July 2013.

A copy of the draft CRIS and information about making a submission is available on the supervisory levy information page of the AUSTRAC website.

If you have any questions about the draft CRIS, please contact the AUSTRAC Help Desk at call 1300 021 037.

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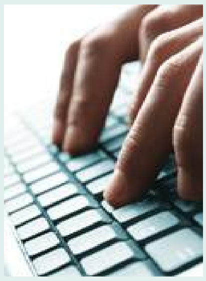
New webpages for AML/CTF Rules



AUSTRAC has redesigned its AML/CTF Rules webpage to provide visitors with easy access to draft Rules open for public consultation, registered Rules, Explanatory Statements, exemptions and archive materials.

The main AML/CTF Rules page now links to five new pages:

- a public consultation page for draft AML/CTF Rules
- a page listing the AML/CTF Rules by chapter
- a page listing all registered AML/CTF Rules alongside the relevant provision of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)
- a page listing all exemptions under the AML/CTF Act
- an Amendment Guide page providing archive material on the history of specific AML/CTF Rules

OoOoOoO

Proposed exemption from account-blocking obligations of the FTR Act

AUSTRAC has released for public consultation a discussion paper on a proposal to exempt businesses from the account-blocking obligations of the Financial Transaction Reports Act 1988 (FTR Act).

The proposed exemption will exempt cash dealers under the FTR Act from the obligation to block an account as prescribed in section 18 of the Act.

The discussion paper outlines:

- the account-blocking obligations under the FTR Act
- AUSTRAC's proposal to provide relief from these provisions, including the proposed exemption instrument.

AUSTRAC invites stakeholders to submit written comments on the issues canvassed in the discussion paper.

The discussion paper and further information about making submissions can be found on the AUSTRAC website.

The closing date for submissions is 17 May 2013.

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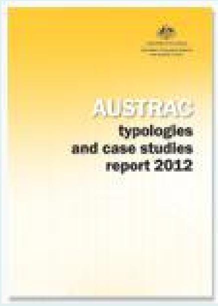
AUSTRAC case study: Australian terror suspects sent funds to Somalia to support terrorist group



A joint-agency investigation led to the arrest of five suspects on charges of conspiring to commit a terrorist attack on an Australian army base. Investigations revealed the group had also sent funds to the Somalia-based terrorist group, al-Shabaab.

Investigating officers, assisted by AUSTRAC information, discovered that the suspects had sent thousands of dollars in low-value international funds transfer instructions (IFTIs) to Somalia to support al-Shabaab and associated military training activities.

The suspects sent the funds via remittance service businesses, often using false names for the overseas beneficiary customer to obscure the money trail. However, the IFTIs did include correct telephone numbers for the overseas customers. Investigating officers concluded that the suspects used the customers' correct phone numbers to ensure the funds were safely delivered to the right customer in Somalia.

Information reported in the IFTIs provided valuable intelligence for the investigating officers, assisting them to corroborate other information or identify other leads in the investigation.

Some of the funds sent to Somalia had been raised in Australia by social and community fundraising groups. There was no evidence to suggest that the community groups were aware that the funds would ultimately be sent to East Africa to support al-Shabaab.

Three suspects were found guilty of conspiring to plan an Australian-based terrorist attack and sentenced to 18 years jail to serve 13 years and six months. Two of the suspects were found not guilty.

This case study is an extract from the AUSTRAC typologies and case studies report 2012, which includes 21 real-life case studies on money laundering and other serious crimes.

Australian Government

Insolvency and Trustee Service Australia

PPSR Personal Property Securities Register

June 2013

PPSR familiarisation tip #1

Even though the PPSR has been helping Australians and business for almost 18 months, a colleague or new starter in your organisation may need to quickly learn the key facts and benefits. Our 'Ask the Registrar' page is the ideal place to start...

Read more…

PPSR fee changes to apply from 1 July

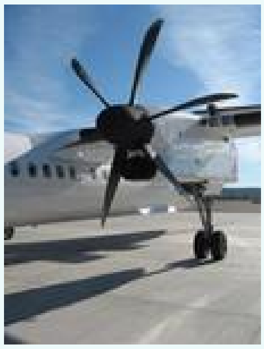
The Attorney-General has recently approved changes to ITSA's PPSR fees in accordance with the Australian Government's Cost Recovery policy.

Please be advised that fees for PPSR services will change from 1 July 2013.

Details can be found on the PPSR website fees and charges page.

Read More...

International register of security interests in aircraft equipment to apply in Australia



On 20 June 2013 the International Interests in Mobile Equipment (Cape Town Convention) (Consequential Amendments) Bill 2013 (Cth) and the International Interests in Mobile Equipment (Cape Town Convention) Bill 2013 (Cth) were passed by Parliament.

The legislative changes will, following Royal Assent and commencement, implement Australia's accession to the Convention on International Interests in Mobile Equipment (the Convention) and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the Protocol) giving them the force of law in Australia.

The Convention and Protocol provide an international system for registration and priority of security interests in aircraft (given their mobility) with the aim of reducing the cost of finance.

The Convention and Protocol will prevail over all other Australian laws to the extent of any inconsistency. This ensures that international businesses can be confident that the Convention and Protocol have their full effect in Australia. As a part of this, section 256 of the Personal Property Securities Act 2009 'When other laws prevail—certain other Commonwealth Acts' will be amended to include the International Interests in Mobile Equipment (Cape Town Convention) Act 2013.

For personal property subject to the Protocol, this may mean making and checking for registrations on both the PPSR and the International Registry of Mobile Assets.

The International Registry of Mobile Assets can be accessed at https://www.internationalregistry.aero/

Consultation on the implementation of the Cape Town Convention has been managed by the Department of Infrastructure and Transport.

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Interview with

- Lauren Wallace

Lauren Wallace

I have spent time in meetings with fellow mortgage and asset finance brokers. In particular one of the support network groups I meet with (Converge) is centred around business coaching from a fresh perspective. They work off set case studies around business success models. The professionals in the group I attend are all successful in their careers and all of them bring some information or interesting perspective to the group.

A number of the professionals within the Converge group engage an intern. For a number of professionals, in particular those of us involved in financial services, an intern with an Accounting or Finance degree could be the perfect answer to the beginning of a long standing learning and development strategy. Not only does it provide access to a pool of students and graduates who you ordinarily might not meet, it also provides access to industry experts, guidance and support in training an intern into a high performing professional inside of your business. With the trend of an intern growing in popularity inside our industry I took the time to meet with Lauren Wallace, Internships Manager at Performance Education Australia to explore how the growing trend of hosting an intern in your company could benefit members of FBAA.

GM: Why are so many companies looking to have an intern within their organisation?

LW: Internships within Australia are a relatively new concept. We have seen an increase of companies introducing an internship program over the last few years with great results. The situation really is win-win for both the intern and the company. Internships support social and corporate responsibility; you are helping to train and develop the future workforce in your profession and you are providing management experience to members of your team. It is also a great way to help support the exposure of the Finance Broker's Profession.

GM: What are the main benefits to the company?

LW: The host company gains an eager, motivated and enthusiastic Australian educated graduate who is looking to start their career in Australia. The company benefits from a 'fresh pair of eyes' who can offer additional support whilst they are observing the workplace culture. Our intern programs incorporate work integrated learning so the intern is able to learn about their industry whilst observing and participating in the normal day to day activities of an organisation.

GM: Why do the graduates want to complete an internship?

LW: Many of our students are completing a program called the Professional Year here at Performance Education which enables the student to gain 44 weeks of training and development into areas such as Australian Business Culture, Professional Business Experience and Australian Workplace Skills. The students are keen to gain the 'soft' skills needed to be successful in their chosen field. The internship is a component of the course and supports the students to put into practice their studies.

GM: What is the background of your interns?

LW: Our interns come from a variety of backgrounds. Whilst we work heavily with overseas born professionals from countries such as India, China and Nepal we also work with domestic students as well as European and South American graduates. All of our interns have completed a university qualification from an Australian university, many in areas such as Accounting, Finance, Economics, Commerce, IT, Marketing or HR. They all have a good level of English (at least IELTS level 6) and are keen to develop their professional career.

GM: What areas do you see Performance Education interns supporting FBAA members?

LW: We have placed interns into a wide variety of roles within the Finance sector. This could range from accounting roles such as Accounts Payable, Accounts Receivable, Payroll and Bookkeeping through to IT roles like Helpdesk, Database and Web Development. Many of our interns have Masters in Finance so could slot into financial modelling, financial analysis or portfolio support intern roles.

GM: What is the duration of an internship?

LW: The internships last for twelve weeks. The students commit to a minimum of three days each week although many of our students are available for up to five days each week.

GM: If our members are interested in taking on an intern what are their next steps?

LW: The process is really easy and simple Greg. First of all we would have an initial conversation with the company to find out more about their organisation and following that we would arrange a short meeting with the company at their office. We like to find out exactly what qualities the company is looking for in an intern so we can find a perfect match. Having placed over 1700 interns into 670 host companies in Sydney and Melbourne we consider ourselves to be the experts in this field. We organise the whole resourcing process and shortlist suitable interns for the company. We encourage the company to interview the candidates, not only so the interns can gain experience, but also to ensure we have the correct match for both parties. **We also cover all insurance and OH&S so that there is no cost to the company at all.**

I am more than happy to speak about our Internship Program with potential host companies and can be contacted through (02) 8036 4262 or lauren@performanceeducation.com.au

Lauren is an Internships Manager at Performance Education. She has experience within Learning and Development from both the UK and Australia and has worked within the Education industry for seven years. lauren@performanceeducation.com.au

Presentation Summary FBAA WA Professional Development Breakfast 16th April 2013

The event took place at Kallis Brothers Leederville WA approximately 60 attendee's ages between 20-70 about 20 % females.

Speakers:-

Eravanan Rao - FBAA WA State President
Peter White - FBAA National President
Paul Burke - Business Development Manager from Plan Australia
Susan Dukes - Commissioner of Titles from Landgates Western Australia
Robert Allen & Alistair Morton - Senior Credit Officers from ASIC WA
Mark Windram – Business Development Manager from Keystart Home Loans

Peter White spoke about follow FBAA on social media such as Twitter & Linkedin group & Facebook also MPID (my professional ID development system, tracks your training, education accreditation etc) only accessible for FBAA members
Professional Indemnity Insurance cheap is not necessarily best, should have own independent cover NCCP evolved from FSRA & originally the brokers act, next set of legislation will look at brokering fees, fee for service etc FBAA setting up TFP Co-Op, will be benefits to members. Also spoke about fee for service and lenders "claw backs"

Paul Burke – Plan Australia it's great to be a broker again, market really active at moment Will be strong until end of year, more rate cuts prediction from NAB lunch (Plan part of NAB) Plan brokers busy on refinances and investment home loans in particular Bulk of his 80 brokers don't charge fee for service, our prerogative but not normal in the industry Biggest challenge is bringing new people into the industry (younger/energetic) as a lot of the more experienced brokers are looking to wind down and look at exit strategies (Aggregators have capacity to sell brokers loan book and also external brokers selling businesses

Susan Dukes - Landgates Reason behind VOI (verification of Identity) new implementation in WA when transfer of land is required and why (3.5 mortgage frauds per title/transfer fraud)

Robert Allen - ASIC Going through another round of annual audits on compliance, viewing process & procedures in broking sector

1. Responsible lending
2. Advertising - best practice
3. Disclosure obligations (ie: broker that is involved in R/E sales) Speech available online on SMSF which has implications on non recourse loans and brokers giving advice which they are perhaps not entitled to

Alistair Morton - ASIC March 13th ASCI released report 330 available on site, looked at largest 18 aggregators supervising most reps and 6 key findings

1. Training and compliance of reps (need to reflect your specific business, not cut & paste)
2. Checks & due diligence of appointing staff as credit reps (ie: make sure reps Coy's are current)
3. Preliminary assessment adherence (2 years from loan taken out, must have access to that information- rep on hols for extended period, also covers loans not proceeded, cancelled etc - docs must be contained as evidence)
4. Policies & procedures in place and current
5. Proper audit of consumers docs (ie: two pay slips support capacity)
6. Demonstrate responsibility in regards detriment to consumer (ie: 2 year loan wanted but you put them into 5 year fixed) ASIC won't let you know of their auditing of your business but it's fair to say that "where there's smoke there's fire."

Focus on brokers since legislation kicked in as they were previously regulated differently

If a broker leaves you make sure you obtain all pre-assessments for transactions within last 2 years are kept as bare minimum, you are accountable as licence holder!!!

Mark Windram - Keystart Home Loans Went through lending policy such as WA resident, first home buyer, savings requirement, debt to income of max 10%, variable 6.7%, max $500k, no MRI, up to 98% lend See notes for further info

Concluded at 10:15 we believe the attendees left with lots of valuable information related to our industry.

Eravanan Rao
FBAA WA State President

QLD

A CALL TO ACTION COMPLACENCY IS NOT AN OPTION

Stephen Rasmussen

How long is it since you did a 'whole of business' review on your own operation? A matter of months or is it counted in years?

How long since you have seriously considered how your business has changed, grown or shrunk over the past year, 2 years, 5 years or more? How does this compare to where you want to be in the coming years. Is your recent history reassuring or tending towards the ominous?

Similar to the way we look at ourselves in the mirror each day and are readily able to notice the smallest change, we must be prepared to regularly inspect and be intimately aware of the 'state of health' of our business and business model, regardless of the scale of our respective operations.

There is No Excuse for us not to be aware.

We are either going to present and conduct ourselves as genuine professionals who are serious about our businesses or we are not.

Our industry has access to a wealth of business tools, software programs and systems, RTOs, professional advisers, mentors and networking functions that are there for each of us to use as is appropriate to the scale of our operations.

Yesterday's official launch of the FBAA's TFP Co-operative is just one example of the many tools and benefits that our members have ready access to that are there to help build and strengthen their businesses. Check it out at www.tfp.coop

This year, 2013, has the potential to be a very significant year for our industry.

Obviously, one of the key reasons for this being the possibility of a change of Federal government in September. Whichever way the result goes will have significant flow-on effects for our industry and our individual businesses. How will your business cope?

Are you preparing or prepared for either eventuality? Are you on a path for growth or consolidation? Are you looking at re-aligning your professional networks and/or allegiances?

To do nothing is not a viable option; To do nothing is to admit defeat and surrender your potential.

In Dr Seuss' final published work before his death, Oh, the Places You'll Go, he wrote "You have brains in your head. You have feet in your shoes. You can steer yourself any direction you choose. You're on your own. And you know what you know. And YOU are the one who'll decide where to go..."

NSW

Hi to all NSW and ACT members

John Cooper

Well it's that time of year again – almost winter I mean. The weather may be getting cooler but the property and loan market seems to be warming up in many parts of NSW and the ACT. Although property prices in real terms are not much higher that they were 3 years ago the mood seems to have changed and investors are back in the market.

One FBAA broker I was speaking to recently told me he had submitted and settled more loans in the January to March 2013 quarter this year than he did during the whole of 2012. Let's hope the tread continues for him and the loan market in general.

It is interesting to reflect that when I started as a mortgage broker in 1999 my average loan amount was $235,000 – but today my average loan amount is $540,000. So maybe the mortgage industry is still a growing opportunity!
Talking about the industry growing – over the last 6 months or so I have been working hard to encourage new entrants into the industry by attending various events and seminars around the State and in the ACT. As I have said on pervious occasions, we need 'new blood' in the industry. However, as many of the new entrants to the industry know only too well, it is not that easy to set started. This has a serious knock on effect, as without encouraging and supporting new people into the industry the independent broker numbers nationally will decline, as experienced brokers retire, leaving the a 'black hole' in the market.

I am currently working with a number of new FBAA members to assist and support them in setting up their businesses and providing them with advice on loan strategies. They range in ages and background, but they are all keen to work in the mortgage industry and build successful businesses. If you or you know of anyone who is looking for assistance to improve their business outcomes or would like to know more about becoming a broker, please email me or give me a call on 0427 845314.

To that end, over the next few months, we will be holding informal seminars around NSW and in the ACT speaking to people who would like to know more about working as a mortgage broker. We will be providing free information on how to get started in the industry and providing assistance on the process of joining the FBAA to eventually become an Accredited Finance Broker (AFB). Look out on the FBAA website for details or call me for details of event times and locations.

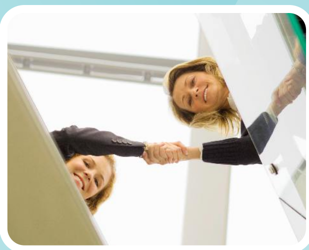
Speaking of events – our next formal members event is being held on the 23rd May at the Burwood, RSL, in Western Sydney. It is a PD and networking event commencing at 07.30am until 09.30am – full breakfast is being served and we have a number of interesting speakers lined up. Watch out for your email invitation and check out the FBAA event calendar on the website for more up to date details of this and other coming events. Remember that our events are a good opportunity to entertain your work associates and provide them with information and training to support their annual PD requirements. Don't forget to record your PD points in the "My Professional ID" section in your member's area on the website. Of course, non-members are also very welcome to attend with you.

The NSW/ACT council-members and I look forward to meeting and speaking with you at our next event.

Regards,
John Cooper, MBE, AFB
FBAA NSW and ACT State President
Mobile: 0427 845 314 Email: nsw@fbaa.com.au
April 2013

Finance Brokers Association of Australia

You are invited to JOIN the TFP Co-Operative Limited NOW !



The FBAA has initiated the formation of a brand new Co-operative (TFP Co- operative Limited) to add value to all Finance Professionals and the FBAA's membership base.

T.F.P. is an acronym for The Finance Professional and follows the name of The FBAA's e-Magazine , The Finance Professional e-Magazine.

Through the Co-op members can gain access to a wide range of goods and services that will improve the cash flow of their businesses.

By way of example,

Suppliers who will provide to you PI and business insurances, credit impairment repair, Web-based CRM and mortgage brokering / management platforms, discount office requirements, property investments for your clients, mortgage and real estate lead generation, mobile phone discounts, home loans with no volume hurdles + trail income from day one, web based accounting services and platforms, discount vehicle buying, online corporate governance management under the NCCP for post July 10, commercial property finance and plant and equipment finance, discount television and radio advertising with many more services and products still being negotiated.

If you would like to be part of this Co-operative simply follow the link provided and Join now.

JOIN NOW

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