

QRAMA newsletter

QUEENSLAND RESIDENT
ACCOMMODATION MANAGERS'
ASSOCIATION INCORPORATED

FEBRUARY 2004

Education of a new generation

The reality that 2004 is an election year for Queensland, with State, Local and Federal Government all going to the polls, means that as an organisation and industry representative, QRAMA will be required to educate a new generation of decision and policymakers.

Within a month we will have a new State Government, new Ministerial representation and a newly structured public service to advise as we continue to pursue our strategic program of recognition for the unique and complex role that resident managers have in the property management and tourism industries.

While there has been a genuine recognition within sections of the State Government, there is still a significant degree of misunderstanding on industry roles and titles within Government and in the community.

Unfortunately this flows through in the other areas of Government, local authorities too often see our role as caretakers, and the Federal Government continues to develop policies aimed at the investment market. During the past three years, QRAMA has been very active with the review of our State legislation, both at executive level and grass roots level. We have been at pains to ensure that through our activities and directly through members, our stakeholders and the broader Queensland and Australian community understand the role of resident managers in the changing lifestyle of the Australian standard of living.

I want to remind members, their staff and families that they are important ambassadors for the resident management industry, with a very important role of demonstrating the professionalism of the industry and also playing a vital role in the tourism and investment industry.

We are certainly more than caretakers and maintenance personnel when we are called on to operate and manage assets worth millions and in some instances billions.

Members are well aware that QRAMA is a grass roots organisation, with members working together to help each other and develop the collective professionalism and expertise within the industry.

Our representation of the industry issues has been well accepted and has resulted in some significant changes.

But, as State Secretary John Anderson keeps pointing out, while we have been working on today's issues, we must become more focussed on the growth and issues that are emerging in the future and start to work and plan strategically to tackle the challenges of the 21st century.

Issues that need attention include the recycling of buildings that may have reached their economic competitiveness in a growing marketplace, and how such initiatives can be implemented for the benefit of all.

Managing the lifestyle requirements of owner occupiers and absentee investor needs in properties is a challenge for resident managers as the onsite mediator and advisor. We are well aware of the problems caused when investors lack clear investment objectives, usually in part because they have not discussed their needs with the resident manager.

In the development of the strategic requirements for the industry, QRAMA will be calling on members more and more to respond to our information-seeking and questionnaires for us to prepare strong, factual and well informed information to support our standards.

Last year, through our surveys, we were able to deliver real and current information on issues to the Government and the bureaucratic decision makers. They now have a better understanding of many aspects of our businesses and how we support our clients and the community at large.

Again we will be calling on members to help us gather together the real and accurate picture about our industry so that we can responsibly represent the issues.

This is a growing long term industry which will continue to gain prominence. Already we are working with academics in researching our future, to be better prepared to meet the challenges.

I look forward to another rewarding year for you and our industry.

Kim Cox
PRESIDENT

New QRAMA Branch at Hervey Bay

We wish to welcome the new Sub Branch of Hervey Bay to QRAMA. The new Committee which emerged as a result includes Kevin Smith as President, Jenny Hogan as Vice President, and Paul Whitaker as Secretary.

Kevin Smith - President

Kevin began his career in management when he co-managed a 20 acre Caravan Park in Mackay for six years. Later, with three years experience in the National Australia Bank, Kevin then moved into Real Estate. By the end of 2001, Kevin was a fully licensed real estate agent and soon began looking at management rights opportunities to purchase. At the beginning of May 2001, Kevin assumed control of La Mer Hervey Bay, a 21 unit holiday complex.

On becoming President of the Hervey Bay Branch, Kevin aspired to share in experiences and problems with other managers. This desire quickly evolved into an additional role of protection of the interests of QRAMA members in light of the push to commercialise the information centre by the local council in Hervey Bay.

Jenny Hogan - Vice President

Jenny and her husband Chris moved from New Zealand in 1997 when they purchased the management rights for a holiday building in Broadbeach. Following the sale of the Gold Coast property, the Hogans moved to a



permanent letting property and upon selling that, Jenny continued working in front desk positions in holiday buildings in Chevron Island and Burleigh Heads. From these encounters, she gained valuable experience and knowledge of the operation of management rights.

During a holiday in Hervey Bay in November 2001, Jenny and Chris decided to move there and in August the following year they purchased the management rights of Shelly Bay Resort on the Esplanade at Hervey Bay.

Jenny has always appreciated the work of the QRAMA State Management Committee, particularly the lobbying related to the changing legislation and also the helpful advice readily given. Jenny looks forward to encouraging newcomers to the industry, and fostering a friendly and beneficial working relationship among the members of Hervey Bay.

Paul Whittaker - Secretary



Paul Whittaker and his wife Jan purchased the management rights to Santalina on Hervey Bay two years ago. They have two buildings with 14 two bedroom units on The Esplanade opposite the beach at Urangan.

Prior to this Paul had been in the computer industry for 30 years with experience from programmer to General Manager of a software company. For the last 10 years he had been operating his own computer consultancy business in Adelaide and Brisbane.

QRAMA Branch Reports

Brisbane Branch Report

The main efforts of the branch continue to be the objective of increasing the number of members, offering ongoing education and training for its members, and to ensure QRAMA increases its relevance to permanent complexes. To these ends, the Branch Committee has been restructured, we continue to hold discussions with several industry suppliers regarding better deals for our members, are holding information evenings, and are working towards closer relationships with appropriate authorities.

The Branch held an information evening in November covering topics such as recent changes to legislation, dealing with real estate agents and the Privacy Act. Part of the strength of QRAMA is that all the presenters at this evening were Committee members.

It is proposed that the next information evening be held during March. The topics to be addressed include further legislative updates and how QRAMA is watching out for each Manager's interest in this most important area, body corporate salary reviews, and options to improve Manger's incomes.

Then in May, an evening to discuss all insurance matters has been proposed. During the first half of 2004 it is also planned to hold the postponed car rally, and to revisit the bench marking survey. The first attempt at a survey for permanent complexes last year had a satisfactory response level of nearly 50% of our branch members. The main purpose of this type of survey is to provide Managers with areas where they maybe able to improve their own profits.

The Brisbane Branch also offers manual & computer trust receipts, and will shortly be posting to the QRAMA web site some useful forms such as Tenant Application Forms and Inspection Forms.

Geoff Allen - PRESIDENT

Gold Coast Branch Report

Schoolies have come and gone for another year and Christmas and New Year are behind us, as we settle in for, hopefully, another busy year. Generally, bookings for January look to be very good with this trend pushing through into February and the forecasts for this year looking positive.

The Schoolies question is one we will never resolve, with "for" and "against" as long as your arm. Managers should have the right, however, to decide themselves whether or not to take Schoolies in their buildings, anything less than this will continue to cause problems.

Onsite Direct kindly agreed to circulate our last QRAMA Newsletter and Membership Application Forms with their recent magazine. With the number of buildings under management rights continuing to grow on the Gold Coast we have been unable to keep our database current and Onsite Direct's assistance in this distribution is certainly appreciated. We also circulated a Survey Form for completion by holiday apartments to enable us to put together our annual survey for members. Unfortunately it is getting harder and harder to complete this exercise due to the lack of response to the survey and gaining comparative data.

With the new BCCM Act finally in place we will be looking at some info sessions to bring Managers up to date, but in the meantime you should all have a copy of the new Act or one of the simplified versions available.

The Gold Coast Committee this year comprises of myself as President, Geoff Stephens as Secretary/Treasurer and the following committee members - Dave Ruxton, Ron Jungblutt, Randall Deer, Terry Fitzgerald, Sue Eynstone-Hinkins and Tom Taggart. Committee membership is voluntary and all members have their own businesses to run. Nevertheless they are prepared to put some time aside for the benefit and betterment of the industry. If there are any items you wished raised at committee, local or state level, or any suggestions you may have for the industry, please contact myself or a committee member.

Graeme Beattie - PRESIDENT

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Cairns - Branch Report

The Cairns Branch Members had our second Annual Christmas function in December. We chartered the "Reef Magic" and had a wonderful evening cruising Trinity Inlet with the Cairns night lights as a magic backdrop to the evening. The food was great and the company was even better.

Our branch executive undertakes various projects which are of benefit to both new and experienced Managers. Our current project is the development of a Master Schedule of Charges for use with the PAMD form 20a. With the wide variance of fees and charges for those services made by RLA's, we feel it will be helpful to Managers (especially newer Managers) to be able to view a master sheet and determine what most suits their situation. We are well underway with this project and should have the master sheet ready by the end of this quarter.

The recently released RLA's Good Business Guide was discussed at length at our last Branch Meeting. The Local OFT Investigations Officer, Craig Cummins, had intended to attend the meeting but had to cancel at the last minute. He has been to previous meetings and our members have found his input very helpful. Although Craig was not there, we had a lot of very helpful discussion and overall, it was considered that the Guide will be very helpful to us.

The year ahead looks challenging for our branch. Cairns visitor numbers seem to be continuing to rise and occupancy levels are very healthy. New building development continues strongly and will, no doubt, have a negative impact on occupancy numbers at some time in the future as more availability comes on line. This will be challenging for many of us but challenge creates improvement.

Chris Stolk - PRESIDENT

Whitsundays - Branch Report

2003 was a great year for the region's holiday letting businesses with excellent occupancy rates, and the indicators for 2004 are also very encouraging.

Virgin Blue flights into the region, introduction of the Q-Rail Tilt Train, Australians discovering Australia, overseas events and improved marketing have all added to increased tourists to the region.

Airlie Beach is gaining an international reputation as a true tourist destination in its own right, with significant numbers of tourists using it as a base to explore the Great Barrier Reef's 74 Islands and 8 Island resorts.

Most accommodation houses were booked out months prior to Christmas with Airlie Beach literally bursting at the seams over the holiday periods.

We have seen seven Management Rights businesses change hands in the second half of the year. This is generally positive in that it not only brings new people, but new ideas and enthusiasm to the industry. From a QRAMA perspective, the branch and meetings provides a structure for assisting new members network in meeting other managers and tourism industry personnel.

The new Body Corporate amendments have been implemented with no major problems to report. There have been some teething problems with some Body Corporate and BC Managers having to do some of the basics a little better, but generally most managers are reporting a positive outcome to date.

Brian Walker - PRESIDENT

Sunshine Coast - Branch Report

The Sunshine Coast is looking good for an exciting 2004 with much happening in all of our tourist locations.

Our membership continues to grow. An increase in information, particularly relating to new legislation, is being sought by members in all areas.

The Sunshine Coast Committee continues to improve conditions and services on your behalf. One issue relates to the Sunlover program. Three Committee members sought a meeting with Sunlover with a view of obtaining a better arrangement than what currently existed. The Committee was successful in negotiating a better deal with the Commission Structure; release of unused allocations held for Sunlover. The Committee is in the final stages of negotiations with Sunlover and will release details including "best rates" program, financial arrangements, etc in the near future.

Along with other issues that may arise, a new rates and charges survey is planned for the first half of this year.

QRAMA have an exciting year ahead, and we look forward to working with you during 2004.

Ian Barrett - PRESIDENT

Port Douglas - Branch Report

Membership is currently 35 covering most of the independent properties in Port Douglas. Accommodation supply continues to grow at a high rate which puts pressure on both rate and occupancy levels particularly outside our peak season. The difference between our peak season and off peak season occupancies is quite significant which increases this problem. We are seeing a shift to Corporatisation of management rights with much of the next round of development in Port Douglas in this type of scheme. Corporate operations have higher costs but claim to deliver better results through improved marketing power. This has particular implications for remote destinations such as Port Douglas where accommodation is mostly pre-booked and product marketing is the key

to improving occupancy levels. The situation is similar to the change from the corner store to large supermarkets. Large supermarkets now dominate the grocery retail industry and the smaller players have grouped into buying chains. There are now very few independent small grocery retailers. The same has happened to travel agents, real estate agents and many other industries. There is every reason to believe self-catering apartments will follow the same pattern. QRAMA members will need to carefully monitor the impact of Corporatisation and look at new alliances to maintain market share.

Ken Dobbs - PRESIDENT

There's movement at the station . . .

by Alan McKernan, Partner Mahoney Lawyers

At least a few times a month I am approached by my management rights clients with the same problem: an owner wants to move into their unit in a holiday building but there are guest bookings in place that cannot be moved. What should I do?

The problem seems to arise from a higher rate of unit turnover as a result of the property boom and 2-tier marketing victims getting out now they can break even.

So, what does a resident manager do about wrongly cancelled letting appointments? There are a number of basic principals that govern this situation -

- The resident manager is the owners agent.
- Guest bookings are contracts the resident manager brings about between owners and guests.
- The resident manager is not liable to a guest for a booking cancelled by the owner **unless** the resident manager didn't have a form 20a letting appointment in place (in which case the resident manager **is** personally liable to the guest as they didn't have authority to make the "booking").
- If an owner wants to cancel a booking it is their call. They may be liable for damages to a disappointed guest. From a public relations point of view, the resident manager will of course try and find alternative accommodation for the guest if that is possible.
- If an owner breaches their form 20a, then they may be liable to the resident manager for lost commission for the bookings. This applies to cancelled bookings and cancelled appointments.
- If an owner wants to cancel a form 20a and move into their property, then that is their prerogative. A resident manager cannot stop them from doing this. It is the owners unit. The owner may be liable in damages as mentioned above.
- 114(6) of the Property Agents and Motor Dealers Act 2000 says in part "The revocation of a continuing appointment does not affect existing contracts entered into by the restricted letting agent on behalf of the client." That's a pretty sweeping law. It could mean that appointments up to 12 months in advance (if the form 20a addendum authorises it) are protected when a appointment is cancelled - even if there is a sale. Unfortunate the section has no teeth and is mostly ignored.

These points are the basic rules that govern any situation like this. The Residential Tenancies Act does not apply to holiday bookings.

Something that cannot be ignored is the resident managers goodwill. To maintain goodwill, resident managers will often accept early termination of letting appointments even though they may have rights against the unit owner. This is mainly because the actual damage they suffer will be lost commission for a short period of time. The large inconvenience and reduction of capital value of the business is not something that would be likely to be recoverable against an owner who was in breach of there letting appointment by giving insufficient notice of termination.

Here are 2 usual situations and their outcomes -

- Situation: Investor cancels letting appointment and moves into their unit as an owner occupier with little notice. Result: resident manager normally accepts this unless they can convince the owner not to do so.
- Situation: innocent / quasi innocent buyer moves into holiday unit after lack of disclosure by previous owner. Result: resident manager normally accepts this. Sometimes new owners can be convinced not to move in over peak periods. The important thing to note in this situation is that the new owner is also a victim of non disclosure of the future bookings, along with disappointed guests and the resident manager.

In both situations the resident manager and guest may have an action in damages against the owner / previous owner but how likely is it that they will sue?

The fact of the matter is that there are already legal protections in place but they are so lacking in teeth that the rights of the guests and resident managers are trampled and the accommodation industry is bought into disrepute.

These are some of the business risks that managers must face. Managers must control these risks with their people skills, negotiating with owners and guests. As in so many issues, a good working relationship with each owner is a key part of every management rights business.

How can the situation be remedied when people skills don't work?

One option is to penalise owners who sell / buyers who move in. Add some penalties to PAMDA, which would be reflected in the Form 20a Appointment. In my opinion this is not workable. The resident manager will be seen as the bad guy (or girl). Managers and guests could already try and enforce their existing rights but it is not working. Would the Office of Fair Trading take enforcement proceedings? Doubtful.

In my opinion the best way to start to solve this problem is to beef up the disclosure requirements to buyers. Agents and sellers who fail to disclose future bookings up to 12 months in advance when selling should be liable for a penalty. The standard form contracts should have provision for this kind of detailed disclosure.

The accommodation industry could ask the government to go further however what I have proposed seems a simple step that will not solve all problems but will be an easy first step. Other protections could follow once the impact of this minor change was assessed.

QRAMA should consider consulting the government to ensure funds generated from penalties applied to owners who fail to give the necessary notice, are directed at securing alternative accommodation for guests whose holidays are put at risk by such owners.

Action must be directed at the owner who breaches the Appointment conditions - not at the manager who is agent for the owner or to the buyer who does not have an Appointment in place with the manager.

Electronic Communication - Professionalism and Image

by Di O'Shea - Quality Matters Pty Ltd (January 2004)

Back in May 2001, I prepared my first QRAMA E-News (Electronic Newsletter) in which I described the benefits of Email stationery. In each subsequent E-News broadcast, I found myself writing about other email related issues which impact on the way people perceive you and the way you can take advantage of this inexpensive marketing tool. This article reiterates in summary those important messages from a couple of years ago, plus a few others that will help you take advantage of this inexpensive, flexible, fast and smart form of communication.

1. Check your email REGULARLY.

- People sending email enquiries want a quick response - if they telephoned you, they would expect an instant response. These days, in business, the expectation from email is almost the same.
- Unless the enquiry is coming from a repeat guest, the sender has probably sent an enquiry to several buildings. A slow response may cost you business.
- Email is delivered continually to your email box - not once each day. So analyse your systems, procedures and expenses and consider some simple changes to gain the greatest advantage.

2. Include ALL of your contact details in outgoing emails and newsletters.

- Phone, fax, email address, web address, postal and physical location.
- This can be done in Email stationery or by setting up a Signature file to display on all outgoing email.

3. Display professionalism.

- Every recipient of your emails will form an opinion of you and your building based on your response.
- Use simple business etiquette, while remaining friendly.
- Use easy to read formatting ie spaces, full stops, commas, capitals and bullet points.
- Ensure your response is accurate and answers ALL of the enquirer's questions.

4. Build your Marketing base.

- Your incoming emails provide you with a great opportunity for future marketing ie you can add each sender's email address to your address book but when replying to the enquiry, be sure that you include an "opt out".
- If you have not had any email contact with an enquirer or guest, ask if they have an email address to receive regular updates and specials - and add it to your electronic address book.
- Arrange your address book in market sections eg NSW, Victoria or Repeat guests, Never stayed etc. This allows you to target more easily.

5. Use Email to stay in front of potential guests.

- Regularly email a message to your database of "qualified" email addresses. Specials, Seasonal Messages, Local Events etc can all be forwarded to your database quickly, simply and at no cost. They may not generate business each time but you will not be forgotten when the next holiday or R&R is needed.
- Always include an "opt out" in your marketing message.

6. Brand yourself in everything you send out.

- Consider the use of Email Stationery and/or Electronic Newsletters that display your logo/images.
- Display the features of your building/location (images) that will encourage guests to stay with you.

**All of these suggestions are available to you in Microsoft's standard email software.

Jasons
explore!

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QRAMA has provided members with a 1300 phone number to reach the State Secretary.

Members throughout Queensland can now phone the State Secretary from a fixed phone for the cost of a local call. Many matters are best put into an email, where some consideration is needed in a reply. There are also times when a phone call is more appropriate and now all members can call for the same cost.

To use this additional member benefit, members can call the State Secretary on

1300 36 72 02.

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