

ARAMA ROADSHOW

Fees & Charges

Email national@arama.com.au

Phone 1300 ARAMA Q

Visit www.arama.com.au



Industry Partners



EBM
Insurance & Risk | Est. 1975

MYBOS



PROGRAMMED
Property Services



RMS

Wilko
Painting

ARAMA Supporters



Holmans.

resortnews

RESORTBROKERS®



ARAMA - Legal Expenses Insurance



TheOnsiteManager
.com.au



RESORT
ACCOUNTS&CONSULTING



1300 364 273
ARAMA - Member Assistance Program

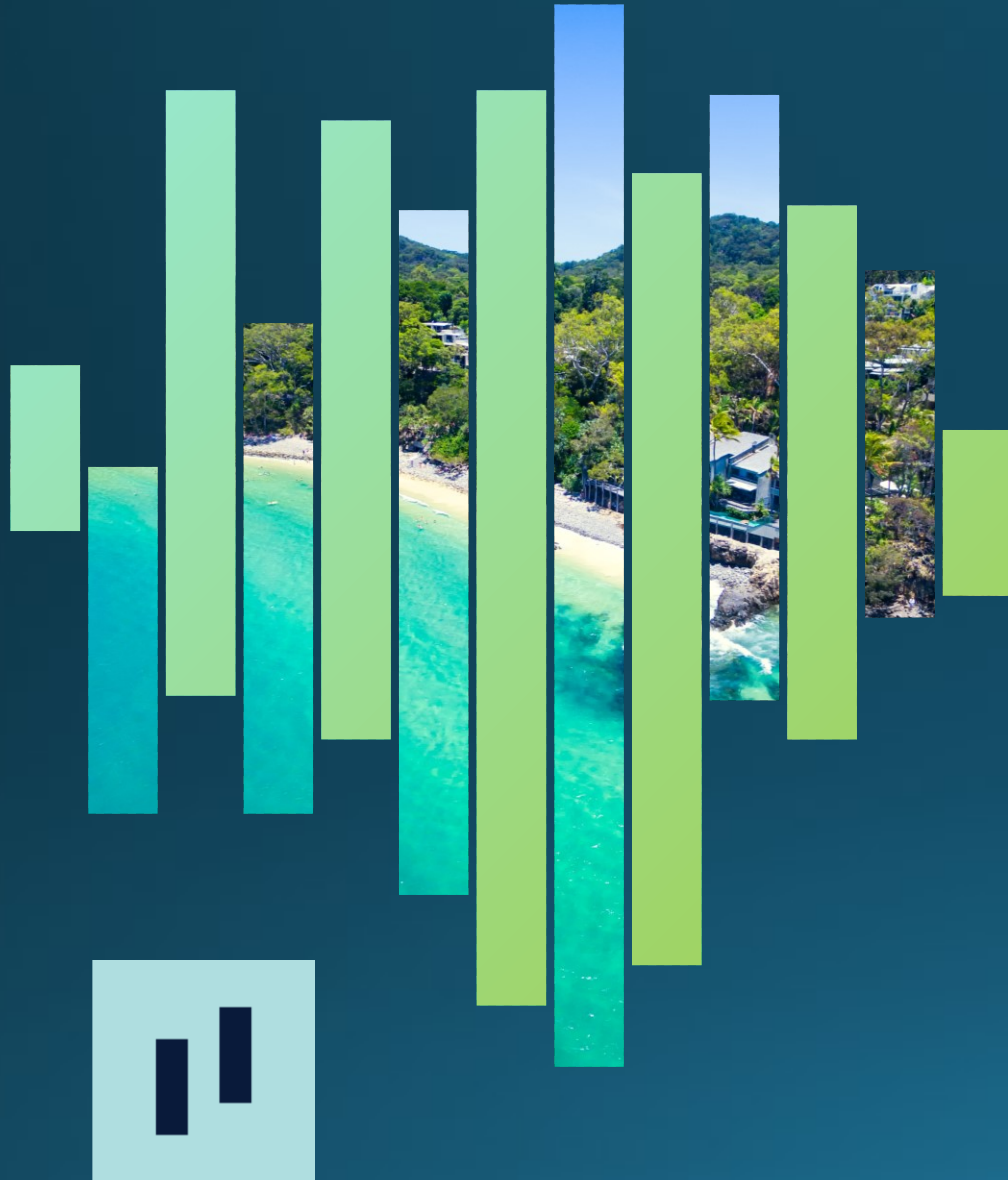
MANAGEMENT RIGHTS

“Costs & Charges Survey”

HOLMANS

YOUR FIRST RESORT IN MANAGEMENT RIGHTS

By Tony Rossiter
OCTOBER 2024



A wide-angle photograph of a tropical beach. In the foreground, there is a patch of wet, golden-brown sand reflecting the sky. To the left, a dense line of palm trees and other tropical foliage borders the beach. The ocean is a vibrant blue, with white foam from gentle waves washing onto the shore. The sky is clear and bright blue, with a few wispy clouds on the horizon.

“Fees & Charges” Roadshow

Gold Coast – 8 October
Sunshine Coast – 9 October
Brisbane – 10 October
Port Douglas – 14 October
Cairns – 15 October
Airlie Beach – 29 October

Presentation Summary

About the Cost and Charges Survey

A Review on Bundling of Charges

Other Important Survey Outcomes

Recent Developments

Award Rate Increases

Compliance Update



Costs & Charges Survey for Management Rights



Since 2006 ARAMA has conducted a bi-annual survey of industry costs and charges

This is the tenth survey

The survey identifies developing trends in the industry

Allows for benchmarking to similar businesses

How do your charges stack up to the industry average?

A Review of Bundling

A Quick Refresher

- Bundling is the process of aggregating several charges into one fee
- The bundled fee is often referred to as a “Service and Administration” Fee
- Can be either combined with the existing commission percentage or shown separately – refer to ARAMA schedule

Advantages

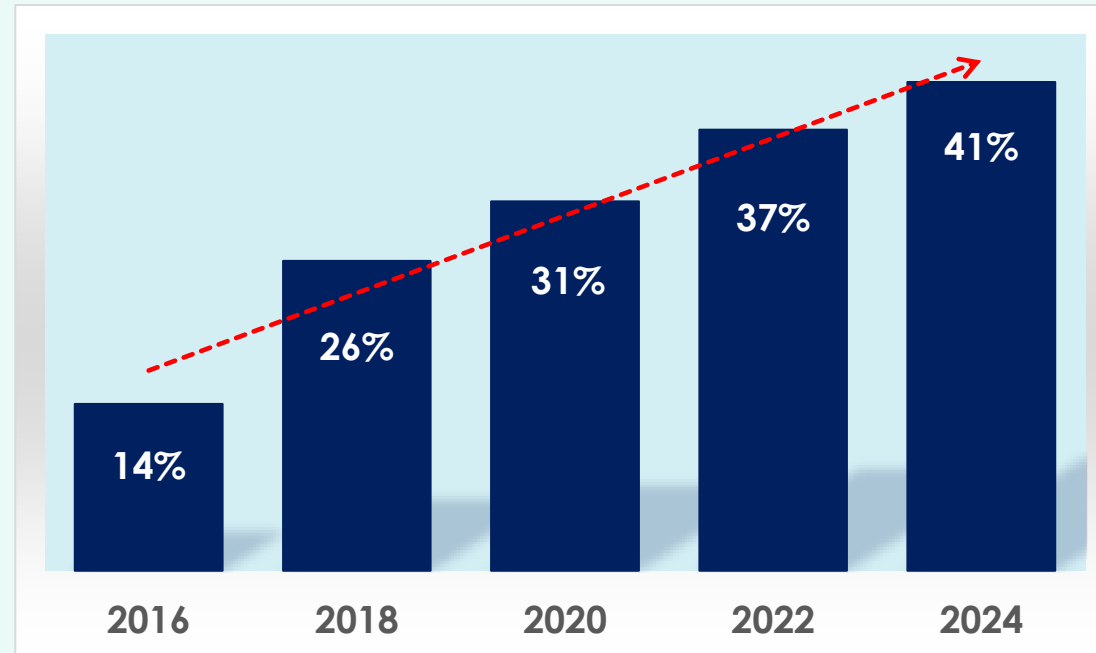
- + Simplicity
- + Remove the need to increase charges each year
- + They increase automatically as rents/tariffs increase
- + Remove uncertainty around advertising charges
- + Remove the risk of losing credit card income
- + Remove the risk of losing Internet, PABX, and Telephone income

A Spotlight on Bundling

- Bundling has always existed in Management Rights
- Really became popular after the introduction of the POA Legislation in 2014
- Percentage of operators bundling continues to increase
- Partial bundling remains popular, with Cleaning and Linen only included 5% of the time
- Partial bundles are now around 16-25% of overall charges to Unit Owners
- Typically bundling on average 4 items
- Most popular items bundled include: Advertising, Admin fees, Merchant fees, PABX, Internet and Pay TV



Survey Results – The Bundling Trend Continues



Partial Bundling

Cleaning & Linen



- Typically, Cleaning and Linen are charged separately, 72% of the time
 - Most often Linen is charged by the room (73%) rather than by the guest (27%), remaining steady over the last 4 years
 - Linen charges have increased materially (up 23%) over the last 2 years
-
- Cleaning charges have increased by 15-20% between 2022 – 2024
 - Managers charging a combined fee have increased their charges by as much as 20% over the last 2 years
 - 93% of Managers charge for cleaning by room size rather than number of guests
 - 5% offer a standard daily service in the tariff, 36% offer to provide a regular service at an extra cost

Linens Charges to Owners by Room Size

| Year | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|-------------|-------------|-------------|-------------|
| 2012 | \$25 | \$41 | \$55 |
| 2014 | \$28 | \$43 | \$60 |
| 2016 | \$28 | \$48 | \$64 |
| 2018 | \$29 | \$51 | \$64 |
| 2020 | \$32 | \$54 | \$71 |
| 2022 | \$33 | \$52 | \$73 |
| 2024 | \$41 | \$65 | \$87 |

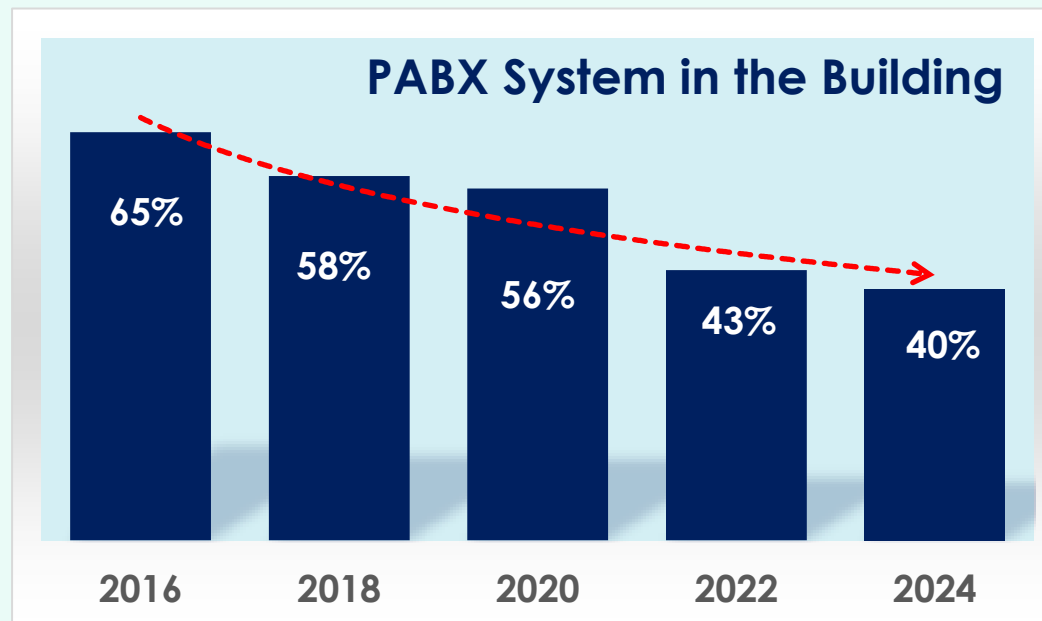
Cleaning Charges to Owners by Room Size

| Year | Studio | 1 Bedroom | 2 Bed/1 Bath | 2 Bed/2 Bath | 3 Bedroom |
|-------------|-------------|-------------|--------------|--------------|--------------|
| 2012 | \$44 | \$54 | \$65 | \$73 | \$78 |
| 2014 | \$45 | \$63 | \$77 | \$78 | \$94 |
| 2016 | \$50 | \$67 | \$75 | \$82 | \$97 |
| 2018 | \$50 | \$69 | \$75 | \$85 | \$98 |
| 2020 | \$53 | \$70 | \$78 | \$89 | \$101 |
| 2022 | \$49 | \$71 | \$81 | \$95 | \$108 |
| 2024 | \$71 | \$82 | \$100 | \$104 | \$124 |

Costs & Charges Survey

PABX

- The decline in PABX Systems in buildings continues, now down to 40%
- When charged separately, the average charge is \$28 -\$30
- There has been no significant change in these costs over the past 12 years!



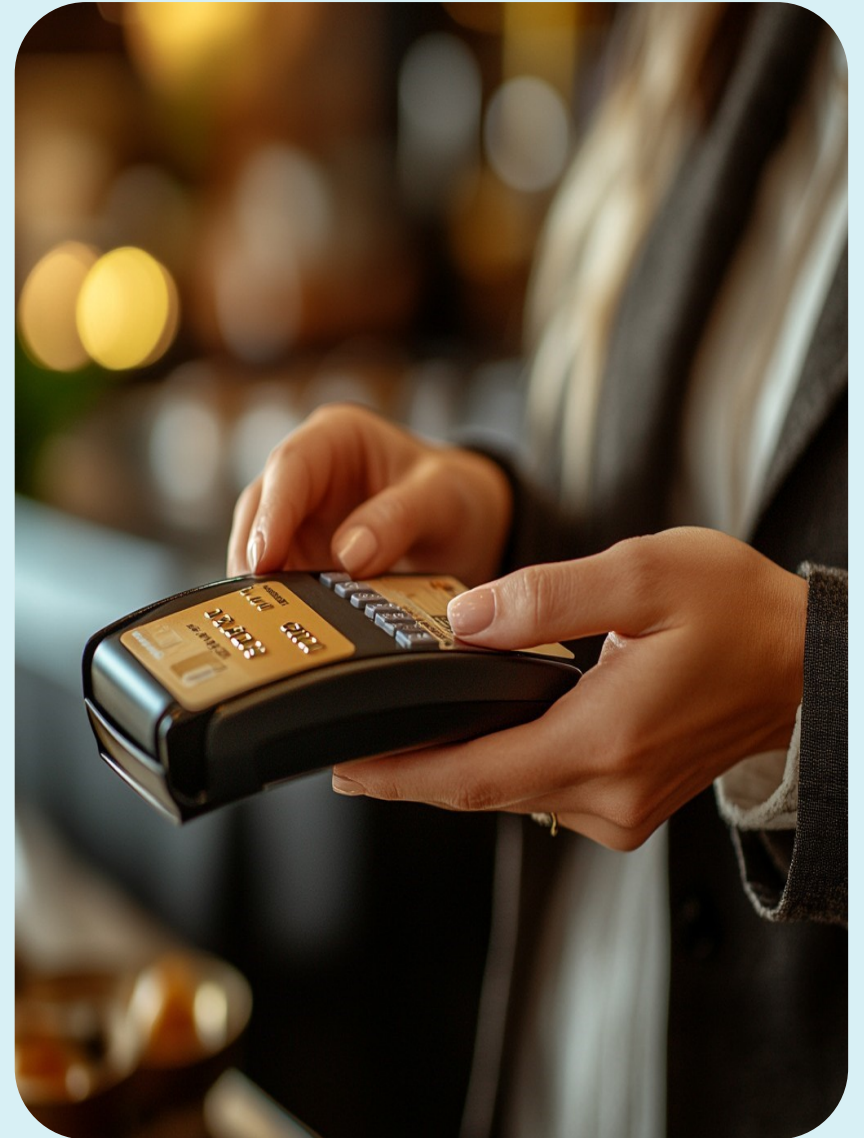
Other Significant Outcomes

Merchant Fees

- Increasingly managers are passing on merchant fees to Guests (20%)
- One third of managers charge Unit Owners for credit card use
- A small percentage charge both unit owners and guests
- When merchant fees are passed on the average charge is 1.7%; unchanged over the last 4 years

Pay TV

- Complexes offering Pay TV have declined dramatically from 62% in 2020 to 40% today
- 22% of complexes with Pay TV have it included in the bundle
- The average monthly charge for Pay TV remains at \$50



Administration Fees

- Fewer managers are charging a separate Admin fee, currently 45% down from 59% in 2020
- This trend correlates with the increase in bundling
- Average charge increased significantly from \$8 in 2022 to \$11.40 this year

Maintenance Charges

- Managers charge an average of \$54 per hour for their labour to Unit Owners and the Body Corporate
- Increased by \$7 in the last 2 years
- 46% of Managers add a margin on contractors' invoices, up from 39% in 2022 and close to the peak of 50% in 2020
- The average margin charged remains at 10%



Advertising Levy

- 52% of managers charge a flat fee Advertising Levy, well below 60-70% up to 2020
- The average flat fee charge is \$63
- Percentage based Advertising Levy is currently 3.4% (no change)
- Managers continue to spend less on Advertising
- Managers continue to rely heavily on online booking agents with 20% relying on OTA's for 40% or more of their bookings



Long-Term Letting



- 43% of respondents have some form of long-term letting (leases over 3 months)
- A Majority (63%) charge a Letting Fee, typically one week's rent plus GST
- Percentage of complexes with no Letting Fee has increased significantly over the past 2 years to 27%
- Drop to 18% of respondents that charge 5% commission on new letting (was 50% in 2016)
- A Majority (59%) also charge a Management Fee
- Bundling has increased moderately (6% up to 10%) with the average bundled rate of 10% including all fees
- *New question & data:* Tiny minority (2%) of respondents use a third-party service provider to receive rent from tenants (generally complexes with large letting pool numbers)

Recent Developments

Award Rate Increases

- The Hospitality Award rates increased from 1 July 2024
- The increase was 3.75% and now a casual Level 2 Guest Services worker is paid \$31.23 per hour
- The Superannuation Guarantee Rate is now 11.5% since 1 July 2024



Compliance Update

- Documenting charges to Unit Owners
 - ✓ Cancellation fee charges
 - ✓ Mid-stay Cleaning and Linen charges
 - ✓ Travel Agent Commissions
- Non-trust monies
- Overdrawn Owner Ledgers



Contact Us!



Tony Rossiter
Holmans
(07) 5430 7602
trossiter@holmans.com.au
holmans.com.au



Check out Holmans’
“Statutory Trust Account Guidebook”

Letting appointments and all that

Frank Higginson

October 2024

Today's agenda

- What is a POA Form 6
- Why do I need one?
- Things to watch out for
- ARAMA Addendum

© Hynes Legal 2024

The material contained in this presentation is of the nature of general comment only. No reader should rely on it without seeking legal advice



What is a POA Form 6?

- Formal agreement between an agent and property owner
- Form 6 or Form 6A?
- PAMDA 20A legacy issues



Why do I need a POA Form 6?

- Pre-requisite to acting as an agent
- Cannot charge or retain commission without one
- Use current version – previous version not invalid but likely problematic
- May take an assignment from previous licensee – same type of licence and notice within 14 days

Things to watch out for

- **Trading name** – business name not company name
- **Licensee name** – name of actual letting agent (company or individual/s)
- **Licence number** – as above
- **Continuing appointment** – tick and complete commencement date
- **Part 8, Section 1** – advertising / marketing
- **Signatures and dates** – check you got them all

TIP: follow ARAMA example on website

ARAMA addendum

- Exclusive appointment
- You are authorised to complete missing details
- Client maintain insurances and provide details
- Short term / holiday lettings – you set rentals and tariffs based on market conditions and property
- Right to accept bookings 12 months in advance
- You may remove customers from the property
- Except where negligence or default, you are not responsible for lost, stolen, damaged or worn item



ARAMA addendum

- If more than 1 client, you can accept instructions from either / all
- Client accepts risk and loss of non-payment of rent and charges (except for proven negligence)
- Deals properly with fees and charges which comprise more than actual cost or expense
 - Clarifies fee includes an allowance for your time, labour and effort
 - Makes clear the item is a charge for service, not the incurring of an expense
- Acknowledgement that you may profit from services provided to guests and may draw amounts from trust account



ARAMA addendum

- Cancellation fees – set fee but commission and other charges if late cancellation
- Use of property by client, family, friends
- Promotions
- Release on assignment
- Increase in charges – each July by 5% or CPI
- If client sells, must have new owner honour forward bookings – but do they?
- Allows for bundling





Questions & contact

Frank.Higginson@HynesLegal.com.au

07 3193 0588

hyneslegal.com.au

Questions?

Contact Us!



Tony Rossiter
Holmans
(07) 5430 7602
trossiter@holmans.com.au
holmans.com.au



Check out Holmans’
“Statutory Trust Account Guidebook”

Upcoming Events

Register now!

MRITP
Management
Rights Industry
Training Program

A one day, fully interactive training program for beginners and experienced management rights business owners

Brisbane Event
📍 Riverside Hotel, South Brisbane



6th November
MRITP
Riverside Hotel
Brisbane

Register now!

Webinar
Fees & Charges



13th November
Fees & Charges
Webinar

Register now!

MRITP
Management
Rights Industry
Training Program

A one day, fully interactive training program for beginners and experienced management rights business owners

Gold Coast Event
📍 Freshwater Point Resort, Broadbeach



2nd December
MRITP
Freshwater Point
Resort Gold Coast

Register now!

ARRM
ARAMA'S Relationship
Revival Masterclass

A half day course where attendees will leave better equipped to manage the challenging interpersonal and relationship-based issues at their strata scheme



3rd December
ARRM
Freshwater Point
Resort Gold Coast

Thank you for attending

Email national@arama.com.au

Phone 1300 ARAMA Q

Visit www.arama.com.au

