



# One year on

**What a difference 12 months can make ... or maybe not. Australian Broker reflects on the stories that made headlines in the magazine one year ago**

## Issue: Australian Broker issue 6.4

**Headline:**  
**“Foley demands fair deal”**  
 (cover page)

**What we reported:**  
 In his address to brokers at the National Mortgage Brokers (nMB) conference on Hamilton Island, managing director Gerald Foley said it was time for the banks to give something back to brokers, following the introduction of complex commission models and settlement times for brokers, which at the time had blown out way beyond those for branches and retail channels. “The banks owe us better processing and settling of loans. They have reduced our commission and attempted to change our behaviour. In return we now have poorer processing than before,” Foley said in a stirring speech.

**What has happened since?**  
 On the eve of nMB’s 2010 conference, brokers may well reflect that there has been some progress over the last year with processing times returning to more acceptable levels, though certainly not in line with those at branches and via retail channels. Notably, NAB Broker’s John Flavell apologised to brokers last year for the service meltdown. However, the bank has stuck with its complex star-rating commission model. On the positive side, St. George simplified its commission model last year.

**Headline:**  
**“Government should freeze LVRs”** (page 8)

**What we reported:**  
 Firstfolio CEO Mark Forsyth called on the Government to

intervene further in lending by “assessing what each bank’s lending criteria is” and “freeze more credit restrictions”. His comments came as banks tightened up their lending policies, reducing LVRs. Forsyth urged the government to set LVRs at between 80% and 85% and return to “pre-crisis credit criteria”. While he admitted this was a little risky given that the government had already guaranteed the funds, it was a way to get momentum back in the market.

**What has happened since?**  
 With the decision to withdraw the wholesale funding guarantee on 31 March now taken, it appears that the Government has reduced its interventionist approach to credit markets and let them take care of themselves. As for Forsyth’s hope that the government should step in and set LVR policy, the opposite has occurred with the major banks being free to reduce LVR and tighten up their lending criteria. 2010 looks like being the year when lenders are left to fight it out among themselves.

**Headline:**  
**“WBP: plenty of opportunities out there”** (page 18)

**What we reported:**  
 Also speaking at the National Mortgage Brokers conference in Hamilton Island, WBP CEO Greville Pabst said that despite the depressed state of the property market, opportunities abounded for brokers. Pabst pointed to a number of future growth areas that would boom as a result of big infrastructure projects, with a few of these being in his home state of Victoria. These included the EastLink

freeway project in Melbourne which, he said, would benefit the suburbs of Frankston, Dandenong and Mitcham – all close to the interchange. Another notable project mentioned was the Geelong Bypass, which when completed would give an enormous boost to surf-coast towns. He said brokers should focus their efforts on properties in Melbourne under \$600,000.

**What has happened since?**  
 Greville Pabst has not changed his view of the Victorian property market or the hot spots he mentioned a year ago. At a recent WBP Melbourne Property outlook breakfast, he was again spruiking the state’s housing market to grow and pointing out some of the hot spots

“Frankston represents excellent affordability below Melbourne’s median”

he mentioned at the Hamilton Island conference in 2009. Pabst forecast a further 10% growth in the median house price in Victoria to \$550,000–\$600,000 in 2010 and identified the Melbourne suburbs of Berwick, North Melbourne and Frankston as being hot performers. Frankston made the hot list for the second year running, with Pabst calling it “Dandenong by the sea”. Frankston represents “excellent affordability sitting well below the Melbourne median and offering the advantage of a seaside location.” he said.



Mark Forsyth  
Gerald Foley



Gerald Foley



Greville Pabst