

LANDLORDS NEWS

VOLUME 162

May 2018

GENERAL MEETING

**Tuesday
1st May 2018**

**Fullarton Park
Community Centre
411 Fullarton Road
Fullarton SA 5063**

**6:50pm for 7:00pm start
in the Parkview Room**

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IN THIS ISSUE

Our committee's Assistant Secretary, Theo, submitted an article in this issue covering steps to consider before entering an aged care home. Probably in addition to Theo's article I cut out an article by Anthony Keane from the Advertiser recently. It was headlined "Sell your house, lose pension". Basically what he was highlighting is the fact that selling your current house to downsize could cost you your entire pension. Up to \$300,000 can be added to your super funds without affecting other super contribution limits, BUT, the proceeds get counted in your pension assets test whereas the family home was exempt. We've read an article from Ian Henschke in an earlier newsletter; he's the National Seniors chief advocate. In this article he advises seeking professional advice as the changes would mostly benefit people with enough wealth to make them ineligible for an aged pension anyway.

I copied two small paragraphs from a Consumer and Business Service's (CBS) newsletter bringing to our attention the problems with a Samsung top loader washing machine and the availability of tenancy literature being available in other languages. All well and good in the email as a link is provided to direct any enquiries straight to the relevant information source. No point in trying to print the link for your benefit in this text, the link is such a complicated piece of text, sorry about that. If you would like to pursue these issues contact me by email, rodney.webb@landlords.org.au and I will forward the CBS newsletter to you so that you can use the link.

Rodney Webb.

GENERAL MEETING GUEST SPEAKER

Our Guest Speaker for this month is
Mr. Frank Carbone
Presenting information on debt recovery
and other associated services.
www.debtpayable.com

MEETING AGENDA

- Meeting opening and welcome
- Apologies
- Guest Speaker
- Minutes of the previous meeting
- Business arising from minutes
- President's report
- General business
- Close meeting

OUR NEW WEBSITE

Dear Members,

For members who attended our last General Meeting you may remember the Committee has been working very diligently on our new website. The Website will be ready to launch at our next General Meeting.

Our new website will allow us to have a modern online presence for non-members and the general public. The fresh new look will assist the Association to raise our profile in the Community. We will be able to target new members including businesses which can assist us by providing services and products that are relevant to landlords.

We have redesigned the website to provide a modern and easy accessible site with all our regular features. We have introduced new features providing access to the latest news and resources. Members will be able to access all the current and previous articles and newsletters instantly along with other features including a member's only section.

One of the new features is "Question Corner" which allows our members to ask questions online, once they have been answered by one of our committee members they will be posted, so everyone will be able to see the query and the response, without names of course! The fast and accurate support from our experienced committee will now be available for all members to take advantage of.

In the future our committee will be actively looking for network partners to assist landlords by providing the most relevant services and products, giving our members a wider choice of solutions to assist us to manage our properties.

If you have any thoughts about our Website or would like to become involved please contact us on lasa.info@landlords.org.au. If you prefer to receive your newsletter by email rather than hard copy please contact Rodney by email, membership@landlords.org.au.

CONSUMER AND BUSINESS SERVICES INFORMATION

Tenancies

Information for non English speaking tenants -

If you know someone who is renting and English isn't their first language, they may be interested in the 'renting basics' factsheet which is available in 10 languages. Factsheets are also available for

international students. *See the tenancy factsheets in languages other than English.*

FAULTY PRODUCTS

Washing machine recall - Do you own a Samsung washing machine manufactured between 2010-2013? *Check to see if your top loader is subject to a recall.*

WELCOME TO OUR NEW MEMBERS

Mr Gregory INGERSON

Ms Joanne PURCELL

Mr Marco ARNESE

Mr & Mrs Steve & Lesley MILLER

Mr & Mrs Trevor & Helen LAHNE

FIVE STEPS TO CONSIDER BEFORE ENTERING AN AGED CARE HOME

If the need for residential aged care is nearing, following these five steps will help you make a smoother transition.

1. Get your eligibility assessed

Before you can enter an aged care facility and receive Government support, your health situation must be assessed by the Aged Care Assessment Team (ACAT).¹ The assessors are generally health professionals such as doctors, nurses and social workers who specialise in aged care.

This is a free service that can be done at home or in a health centre or hospital. The purpose is to determine whether you are eligible to move into residential care, or can access a range of care services that would enable you to stay in your home longer.

More information about ACAT assessments can be found on the Australian Government's My Aged Care website: <http://www.myagedcare.gov.au/eligibility-and-assessment/acat-assessments>

2. Find a suitable facility

Once ACAT has determined whether you are eligible for residential aged care and the care services you may need, it's a good idea to visit a few facilities. The My Aged Care website has a 'Find a Service' tool that enables you to locate and contact aged care homes in your preferred area.²

Each facility is different, so visiting a few will help you to decide which one is the most suitable for you. Not all aged care homes will be able to meet your care needs. Also, some provide higher standards of accommodation and broader food choices, which generally come at a higher cost. These are called 'extra services' facilities.

3. Work out the cost

While the Australian Federal Government provides some funding for residential aged care facilities, those who can afford it are expected to contribute to the cost of their care. The four different fees you may be asked to pay include:

- an **accommodation payment** – for your accommodation in the aged care facility, which may be paid as either a lump sum, regular instalments or a combination of lump sum and instalments
- a **basic daily fee** - which will usually be payable by all residents and is a contribution towards daily living costs, such as nursing, personal care and meals
- a **means-tested care fee** - which is an additional contribution towards the cost of care that you may need to pay depending on the assessment of your income and assets, and
- an **extra services fee** - which may be payable if you choose a higher standard of accommodation or additional services and it varies from place to place.

4. Seek advice

Moving into residential aged care can be a financially challenging time. However, obtaining financial advice can help reduce a lot of the stress by helping you to:

- determine which fees may be payable
- implement strategies that could reduce your care costs and/or increase social security entitlements, and
- ascertain whether care at your preferred facility(s) is affordable for you.

¹ An Aged Care Assessment Team is referred to as an Aged Care Assessment Service (ACAS) in Victoria. In this article a reference to ACAT, includes a reference to the Victorian ACAS.

² <http://www.myagedcare.gov.au/service-finders>

In conjunction with your solicitor or other legal professional, a financial adviser can also help you to ensure your estate planning affairs are addressed.

Issues that may need to be considered include the:

- selling, renting, retaining or transferring ownership of your family home
- nominating a person to maintain and/or rent your home on your behalf
- reviewing your enduring power of attorney
- reviewing your Will (including the benefits of including provisions in your Will that establish a Testamentary Trust upon your death), and
- reviewing your superannuation death benefit nominations.

5. Apply for an aged care home

Once you've decided the type of care you want and can afford, and your estate planning affairs have been taken care of, it's time to apply with an aged care home. To do this, you will need to complete an application form with the relevant aged care home of your choice.

You may find that a place in your preferred aged care facility is not available. In case that happens, it may be a good idea to lodge an application with a few places and ask to go on the 'waitlist'. You can apply to as many places as you'd like and the facility will let you know if your application has been accepted.

If you are offered a place, you must be given a copy of the Accommodation Agreement before you move in. This agreement sets out the key terms and conditions and it should be reviewed by a legal professional. You must sign the agreement and decide how you will make the accommodation payment within 28 days of entering the facility.

The Department of Human Services (DHS) may also ask you to complete and lodge a 'Request for Combined Assets and Income Assessment'. DHS will then use the information to determine what, if any, means-tested care fees you may need to pay.

Next steps

If you would like to find out more about moving into an aged care home, check out the My Aged Care website myagedcare.gov.au

Important information and disclaimer

Any advice in this publication is of a general nature only and has not been tailored to your personal circumstances. Accordingly, reliance should not be placed on the information contained in this document as the basis for

making any financial investment, insurance or other decision. Please seek personal advice prior to acting on this information.

Information in this publication is accurate as at the date of writing (October 2017). In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, the accuracy of that information is not guaranteed in any way.

Opinions constitute our judgement at the time of issue and are subject to change. Neither the Licensee nor any member of the NAB Group, nor their employees or directors give any warranty of accuracy, not accept any responsibility for errors or omissions in this document.

Any general tax information provided in this publication is intended as a guide only and is based on our general understanding of taxation laws. It is not intended to be a substitute for specialised taxation advice or an assessment of your liabilities, obligations or claim entitlements that arise, or could arise, under taxation law, and we recommend you consult with a registered tax agent.

THE RATE OF INCREASE IN COUNCIL RATES

This article was prompted by, and is in support of, the item on 'Rate Capping' published in the February Newsletter.

It is now a few years since the letters below were sent by an anonymous member to state and local government representatives; however the issue is as relevant today as it was at the time the letters were written.

Whilst I hope the content is self-explanatory I would like to emphasis the point that rate increases consistently above the increase in ratepayers' income, or CPI if you like, are ultimately unsustainable.

The second letter

Dear Local Member of Parliament,

Thank you for taking the time to read my letter.

The Local Government Administration did not respond in any way, which is a little disappointing as my email addressed an issue very much relevant to the local government area in which I reside.

In that letter I recounted a situation of a couple of years ago where my superannuation pension, linked to CPI, increased by 0%, and local government proudly proclaimed it had managed to restrain increases in its rates to something like 6%. I pointed out that if this disparity continued almost my entire

income would be taken up by paying council rates if I lived to be 80. An annual increase of 6% equates to a doubling around every 12 years.

Unfortunately this situation has again occurred this year, only even worse than the situation I recounted in my previous letter. My pension has increased by .04% taking my net (after tax) pension to \$24606. Council rates on my residence have increased from \$1932.85 to \$2087.93. This is an increase in excess of 8%.

It is outrageous that in these low inflation times local government can increase their rates at a factor of 20 above the figure at which pensions are increased. As I am not of age pension age I receive no government benefits or concessions.

In my previous letter I mentioned that council rates were 7% of my gross income. They are now almost 8.5%.

It really won't be long until they reach 50% of my income.

As my local member I urge you to take a stance in Parliament to reign in the powers of local government to tax its ratepayers out of existence.

No amount of concessions can make up for what appears to be runaway increases in local government charges.

Copied below is my original letter.

The first letter; addressed to relevant state and local government members

Hi All,

I have property in a number of council areas and have recently been bombarded with pamphlets suggesting that I contact a member of parliament or sign a petition or in some other way request that concessional council rates for various groups be retained.

Firstly I find it incongruous that councils are sending these requests.

It is as though Local Government is conceding that the level of its rates is too high.

And I believe they are.

I'm on a fixed income being a Commonwealth Government superannuation. Council rates for my residence are in the order of 7% of my gross income. Whilst I said my income is fixed, it does in fact rise with CPI.

Council rates in general seem to rise at around twice the rate of CPI, and sometimes a lot more. A short time ago I received my six monthly pension review from the PSS advising no increase because the CPI figure (for Canberra I think) was negative. Around the same time the Local Government advised that they'd managed to restrain their rate increase to 6%. Thankfully that differential hasn't continued, because if it had the percentage of my pension which went to pay council rates would double every ten years, and if I lived to be 80, I would have been paying around 80% of my income in council rates.

Whilst this may be amusing there is a serious note to it all.

Council rates aren't sustainable if increases can't be limited to somewhere approximating CPI.

Whilst my view may be in the minority, the number of services provided by councils seems to be expanding into more obscure and specialised areas which, whilst nice to do, are not really value for money for the majority of ratepayers.

Anyway to wrap this up; my main point is that if council rates were not increasing at such an alarming rate there would be no need for concessions.

Providing concessions to a select group of people increases the cost to the others (perhaps indirectly through State taxes etc). Ultimately the money comes from all rate payers.

The secondary point is that I object to receiving dozens of glossy pamphlets from the councils asking me to object to the removal of concessions. It smacks of politics from the public sector.

Regards

Anonymous

SACAT'S EXPANDING JURISDICTION FEBRUARY 2018

On **Thursday 22 February 2018**, SACAT will be conferred jurisdiction by the Statutes Amendment (SACAT No 2) Act 2017 under the following acts:

- Agricultural and Veterinary Products (Control of Use Act) 2002
- Associations Incorporation Act 1985
- Co-operatives National Law (South Australia) Act 2013
- Environment Protection Act 1993

- Petroleum and Geothermal Energy Act 2000
- Petroleum Products Regulation Act 1995
- Primary Industry Funding Schemes Act 1998.

On **Monday 26 February 2018**, SACAT will be conferred jurisdiction by the Children and Young People (Safety) Act 2017.

Under these changes, SACAT will be conferred jurisdiction to review decisions made by different decision-makers. For more information about each new jurisdiction, please visit the SACAT website: www.sacat.sa.gov.au or call 1800 723 767.

Further jurisdiction under the No 2 Act will be conferred on SACAT at a later stage. The remainder of reviews under the Children and Young People (Safety) Act 2017 will be conferred on SACAT in October 2018.

Applications of this kind will be handled by SACAT's Administrative & Disciplinary Stream.

RENTING TO FRIENDS AND RELATIVES

I've been taking calls from members (and non-members) over the last few months and have tried to provide advice and assistance; often with the support of more experienced committee members.

Many of the calls are relatively procedural; however during the last month there have been three where a tenancy with a friend or relative has gone bad. It's understandable that we will try to help out people who are close to us and are having a difficult time. Similarly it is sometimes difficult to resist requests for help from friends and relatives.

Often enough things go well, but unfortunately sometimes the situation deteriorates, sometimes to the extent that not only is the relationship ruined but the landlord also suffers a substantial financial loss. Perhaps because of a misunderstanding, a gesture of generosity can be taken advantage of and can lead to resentment in the longer run. Rather than risk damaging a good relationship through letting your property to the friend, consider providing support in some other way, help with moving, perhaps a regular contribution towards the rent (in someone else's property) assistance with something you're good at, looking after children etc. It is easier to extricate yourself from these kinds of arrangements than getting the person to vacate your property; hopefully with the relationship still intact.

Tenancies as with all contractual arrangements have the greatest chance of success where the rights and obligations of the respective parties are set out in sufficient detail to avoid ambiguity. That way your expectations are clear. A written lease, guidelines to body corporate rules, where car parking is permitted, pet policy etc. are all intended to minimise any grey areas.

So if you still really feel that the best way to help your friend or relative is by letting them your property, at least give yourselves the best opportunity of a successful outcome by making clear what it is you are offering by way of help. If you are offering reduced rent or something similar, then spell that out. In that example, the benefit to your friend is the discounted rent. All other aspects of the tenancy should comply with the legislation. Completing a lease agreement, conducting the ingoing inspections and preferably collect and lodge a bond too. Keep rent records and generally treat it as any other tenancy. That will make the arrangement clear, set it on a businesslike footing and hopefully it will run smoothly.

If on the other hand things go badly then you are able to use the remedies available to you in the Residential Tenancies Act to deal with problems in as smooth and orderly way as possible and minimise your financial losses. Good luck!

John Wyk

MISSING TENANTS

We are regularly asked by landlords how to contact former tenants to return personal items left at properties. Hence if you know of these people please call Rodney on 08 8258 6660 or 0408 830 382. Our 'Missing Tenants' section is updated on a regular basis in order to assist with this process.

Ms Nadia Marie PARISI, Ms Rennah CHEESLEY, Mr Earnest P. K. ROFF, Ms Danielle Joy EARSMAN, Mr Joel Daniel PHILLIPS also known as Daniel JOEL, Ms Melissa PULBROOK, Jess Caleb HENLEY, Mrs Simone SALATHE, Ms Candice MARTIN, Mr Christopher GREEN, Mr Caleb THEATRE, Ms Melissa GRAHAM, Ms Peta IRELAND, MR Russell KROPP, Ms Chloe Jane ANDREW, Ms Geraldine HARFIELD, Kylie AUBERT, Dylan CHENOWETH, Jessica ROBERTS and Matthew CAMPBELL, Ms Sharon Louise FULLER, Ms Hayley J GOODWIN aka DOBINSON, Mr Fletcher TEAGUE, Ms Ashleigh VILLANI.

WATER BILLING (AGAIN)

Now that we have a change of government and some "new brooms that are keen to sweep clean" the timing might be right to try again for changes to our water billing system. I'm at a disadvantage for lobbying as my local state government representative is a member of the previous labor government as has been re-elected to represent the seat of Ramsay.

Rodney Webb

Hon Zoe Bettison, MP.

Dear Zoe,

On our water accounts, our home and four rentals, there is a Supply charge for water each quarter, the latest being for \$73.10 for each rental property, fair enough. Our home is \$140.98, not fair.

What is not fair is the Sewer Access Charge which uses the Valuer General's assessment value to determine the cost of this fee. This is not fair enough as the method of determining the fee assumes that because a property has a higher land value the owner is able to pay more towards the operation of the sewer network.

The rentals that we currently own are charged the minimum rate of \$78.35 on each property regardless of the occupancy. In one of our properties there is quite a fluid occupation harbouring various "couch surfers". There are only two people living in our home at a cost of \$140.98 per quarter.

We would like to have this fee calculation method changed to be more equitable related to the usage of the system please?

Yours Sincerely,

Rodney Webb

Patricia Webb
46 Metala Road
PARALOWIE SA 5108
08 8258 6660
0408 830 382
webbpard@adam.com.au
10/03/18

From: Jen

To: John

I am no longer a Landlord as I've just sold my rental property. However, we've just vacated a rental house and my question comes from an issue we have as tenants, which the Landlords Association may be familiar with.

Apologies for this long winded story...when we first rented 4 years ago, there was a piece of furniture in the kitchen (4 cupboards with removable table top – not fixed). We got approval from the then owner to move this table/cupboard outside onto a deck. When he sold the property 2 years ago, he offered it to us as he didn't want it and obviously didn't want to have to move it. We believed it to be ours (unless it was in the new sale contract as being sold with the house – this is unknown).

We have just moved from this house taking the table/ cupboard with us and the new owner has demanded it be returned at our expense. What are the rules about this please?

Regards, Jen, mem no. 1994.

From: John

To: 'Jen'

Cc: lasa.info@landlords.org.au

Subject: RE: Accessing information

Hi Jen,

This isn't specifically a tenancy matter; however I suggest that if the previous owner gave you the cabinet it is yours. If the offer was communicated in writing, e.g. by text or email then you have some evidence to provide to the current owner/ agent and the matter should be dealt with.

If that's not the case; are you still able to contact the previous owner to verbally support your claim. In any case I can't see that, if the piece of furniture was given to you prior to the sale of the house, you should be obliged to return it.

The item of furniture is clearly not a fixture (which would automatically transfer with the property) so for it to transfer to the new owner it would need to be specifically (or at least generally) listed in the contract. If that is the case you may have an issue with the previous owner!

I suggest you follow the steps in the first couple of paragraphs of this reply and if the new owner is still insistent perhaps ask to see where it is itemised in the contract.

Hopefully it won't get to this.

Regards

John Wyk

To: John

Subject: RE: furniture issue

Hi John,

Thanks very much for this reply. Unfortunately, an attempt to contact the previous owner to support our impression re his gift of the table brought no response.

Even when I suggested via the current Property Manager that the table/cupboard should have been in the sale Contract, nothing happened; the power differential being huge given our Bond refund was being with-held by the current owner.

Accordingly, the furniture in question was returned yesterday, costing us \$220 and a definite loss of faith in the integrity of this Landlord.

Please feel free to quote this example at your next meeting or in your newsletter if you feel there is a point to be made.

Regards,

Jen

Dear SABest candidate,

A topic that I think should become an election issue is regarding the water billing procedures currently used in South Australia, in particular, pertaining to the private residential rental market. The title holder of any real estate is ultimately responsible for the settling of the water supply and consumption charges plus sewer access charge where applicable. That is fine if the owner is using the utility but if the property is used by another party, it is my opinion that the user of the amenity should be responsible for settling the account.

If the water supply charge and sewer access charges are to be a permanent charge regardless of the occupancy I believe that the renter should be charged pro rata for both charges with the landlord being responsible for the unrented time frames. The tenant should be responsible for the water supply charge plus consumption costs and sewer costs in the same manner as they are for other utility provisions, gas, electricity, communications etc.

To argue in defence of the proposal in order to quieten the howls of opposition from the “poor old tenant” brigade, tenants are already paying for the sewer access charge as it forms part of the overhead costs that make up the final rental fee. The sewer access charge is legislated that it is the land owners’ cost. I think in all fairness this should be the responsibility of the user as well, why should landlords have to pay for the disposal of tenants’ waste?

If landlords and tenants agree to the tenants paying for the supply and consumption of water then the rental charged should reflect the reduced overhead for landlords. Other than increased administration procedures for the landlords this process is quite workable IF the tenants pay their accounts. If they don’t then landlords are faced with lengthy time consuming administrative procedures in an attempt to force the payment of outstanding water accounts which, more often than not, is unsuccessful.

The state government, through SA Water, is not exposed to any debt risk as a result of non payment for the water supply and consumption as well as sewer access charge but landlords certainly are and shouldn’t be. Currently the property owner is ultimately responsible for the settlement of the account. If the owner does not pay the account then eventually the property will be confiscated from the registered owner, sold to allow the payment of outstanding costs with the leftover money returned to the previous owner.

I believe that the provisioning company should negotiate directly with the user of the water/sewer amenities in the same manner as other utility providers are as part of their business activities. There are too many variables in the usage of the water and sewer system that landlords are not able to control thus continually placing them in a risk position of financial loss. This risk should be managed by the provider not an intermediary having no direct control of events.

Should the state deem that tenants are not to pay for water supply or sewerage access charges, then it is the state that should cover the cost, rather than individual landlords whose financial circumstances are not assessed to determine their capacity to pay, and may well be worse than that of the tenant.

My suggestions for change of course are going to increase administrative costs and procedures for SA Water. Tough, it’s their business and they

should be managing it, “it” includes the exposure to unpaid accounts from consumer customers. If SA Water can be requested forcefully by government to borrow money that they did not require, I suggest that the company could implement direct billing to consumers.

Besides the excuse of “the computer system can’t cope” there will be the problem of the lack of individual metering within some multiple dwelling complexes. That will be used as another excuse for the above proposals not to be implemented. No excuse in my mind, just meter all dwellings.

Jobs, jobs jobs is the catch cry so here is an employment opportunity for any capable under employed people.

Yours sincerely,

Rodney WEBB

Landlord

46 Metala Road

PARALOWIE SA 5018

08 8258 6660

Mob 0408 830 382

19.02.2018

THOUGHTS ON BUILDING INSURANCE

The principle underpinning Insurance is to spread the risk of losses across a great number of people to even out the impact of those losses. So if, for example, the risk of your house being destroyed is one in a hundred, you and everyone else pay 1% of the cost each year rather than 100% of the house every hundred years.

Sounds good so far.

However premiums also cover the cost of the big buildings the insurance company occupies, the administrative staff, commissions for sales people, brokers, corporate sponsorship, marketing etc. So using the example above we’re paying more than 1% each year because, in addition to the actual insurance cover, we need to cover these ancillary costs. At what rate I don’t know.

Premiums are also loaded to the extent that surpluses are invested by the Insurer and the returns from the investments are used to assist with payouts and other costs. Whilst sound in principle

we have recently seen the fruition of one potential risk. Last year the previous State Government sold the Motor Accident Commission but pocketed the one billion dollar investment fund which had been built from customer premiums! So now we insure our compulsory TPP with two private insurers.

When it comes to the commercial reality, by purchasing insurance we do even out losses that occur but we pay a significant premium on top of that.

If you accept the argument outlined above it makes sense to minimise the insurance cover you take out, because a proportion of your premium is applied to things that don't benefit you as the insured.

Unless a landlord is particularly financially strong I wouldn't at all argue against insurance, but consider what risk you can afford to cover yourself.

For arguments sake you might not be in a position to cover all the costs associated with reinstating the complete destruction of your building, but you could cover the cost of replacing accidentally damaged window glass or a few broken tiles caused by a storm.

If you feel that you can cover these sorts of costs then consider increasing the excess on your building policy.

So let's have a look at the costs associated with the "excess", the amount you have to cover when you make a claim. In this real life example a building policy with a \$1000 excess, covering an \$800,000 building carries an annual premium of \$649, so 81 cents per \$1000. That seems like good value.

To reduce the \$1000 excess to zero excess, the premium increases to \$1229. So the last \$1000 cover costs an extra \$580 per year.

Reducing the excess to \$500 the premium is \$854. So to provide the extra \$500 cover costs \$205 per annum.

If you can carry out minor repairs yourself and especially if you have more than one property the savings achieved by increasing the excess can be considerable.

John Wyk

An article kindly shared by the property Owners' Association of NSW.

How to rent out your home without paying capital gains tax

There are tax issues to consider if you want to turn your home into an investment property

So you're thinking about turning your home into an investment property because you've decided to upgrade to a new place but want to hang onto the existing one and rent it out.

One of the first things you'll need to look at is your loan. You should let your lender know about your plans and be aware that as an investor your interest rate might be higher. You can stick with your current lender or refinance with a new one.

You may also think about changing your loan from principal and interest to interest only. Make sure you keep this loan and any loan for a new property completely separate so you can be clear about what debt is tax deductible and what isn't.

There are, of course, tax issues to consider – a key one being capital gains tax.

"If you live in your home, that home can be sold capital gains tax free because of the CGT exemption which exists for main residences," says Mark Chapman, director of tax communications at H&R Block.

"However, if you convert your home into an investment property, you may eventually lose that CGT exemption."

You can choose to continue to have a house that is rented out treated as your main residence for CGT purposes, provided you don't elect to treat another house as your main residence at the same time, he explains.

This is known as the "six-year rule" because the grace period lasts for a maximum of six years if the home is rented out. You are also entitled to another period of six years if you move back to the house and live in it as your main residence before renting it out again, adds Chapman.

"This 'grace period' is ideal if you're going overseas for a period or working away somewhere in Australia and living in rented accommodation,"

says Chapman, pointing out that if you buy somewhere you can't treat that new house as your main residence for capital gains purposes.

This is an important caveat to understand because it could mean turning your home into an investment property is a bad financial decision, especially if the new home is likely to garner a bigger capital gain, which you may then be taxed on.

If you keep the property for more than six years you will be subject to CGT on the period that is not covered by the main residence exemption, says Chapman.

"A special rule applies when a property is first rented out. The market value on the date it was first rented becomes the deemed cost of the property for tax purposes (meaning that the original purchase price becomes irrelevant for tax purposes). Any capital gain is then calculated by deducting the market value of the property on the date it was first rented, plus the cost of any improvements and any associated sale or purchase costs, from the proceeds of sale. If the proceeds are higher than the deemed cost, the difference is your capital gain," he says.

"The gain would then be time apportioned. That part of the gain reflecting the period the house was covered by the main residence exemption will be CGT free and the part which is not covered by the exemption will be subject to CGT. For example, if you owned the house for 20 years, first started to rent it out 10 years ago and never moved back in, 4/10ths of the gain will be chargeable to CGT. That's because the first 10-year period is ignored for tax purposes, the next six years are covered by the absence rule, leaving just the final four years chargeable to CGT."

If you do convert your home into an investment property, and the house was built after July 1985 and purchased before 7.30pm on May 9, 2017, you can claim depreciation on the construction cost of the house and any structural improvements you have made, as well as claiming a deduction for depreciation on any capital assets – furniture or appliances for instance – over their effective life, says Chapman.

You should employ a quantity surveyor to help with this. If you purchased the house after 7.30pm on May 9, 2017, you may not be able to claim depreciation on capital assets if they were already

part of the property on purchase and the property was previously owned by somebody else.

ref: <http://moneymag.com.au/turn-home-investment-property/>

MEMBERSHIP RENEWALS

It's fast approaching, the end of another financial year again. Included with your printed newsletter is an invoice for membership renewal if due prepared by the guardian of our treasures, Patricia, our treasurer. The renewal is not due until the end of June 2018 but is being presented early to save on postage costs. If paying by direct debit/credit please use your membership number as the first text of your notation. You may wish to renew at our May meeting.

Rodney Webb.

MORE PLACES TO DUMP CHEMICALS

An article in our local Messenger Northern Weekly newspaper. Currently there is only one free chemical waste disposal venue available on a "regular" basis, the first Tuesday of the month between 9.00am and noon, for the disposal of household chemicals and paints. This station is at the corner of Magazine Road and Henschke Street, Dry Creek. The previous state government stated that it was spending \$1.85 million to introduce purpose built disposal stations at Edinburgh North, North Plympton and Campbelltown. I took a lot of unlabelled liquids and powders that originated from my parents shed not knowing what they were to the Dry Creek station. I'm glad I went early, what a line up with one vehicle at a time being dealt with. I imagine that our landlords would accumulate leftovers for and from rental properties from time to time. The operation is operated by Green Industries SA in conjunction with the Environmental Protection Authority.

Rodney Webb.

LANDLORDS' ASSOCIATION (S.A.) INC.

Financial Statement of Income and Expenditure

For the Period July 1st 2017 until Mar 31st 2018 Only

Prepared by Patricia WEBB Treasurer for period

INVESTMENT ACCOUNT TERM DEPOSIT AS AT June 30th 2017	\$50,000.00
Interest from Investment paid in on Feb & March 16th 2018	\$1,294.26
Transfer in from Cheque Account	\$3,705.74

\$55,000.00

INCOME for July up until 31st March - YEAR 2017-2018

MEMBER RENEWALS FOR 2017-2018	\$7,520.00
NEW MEMBERS	\$1,000.00
NEWSLETTER ADVERTISING	\$175.00

\$8,695.00

LESS EXPENDITURE for July up until 31st March - YEAR 2017-2018

Insurance - Professional Indemnity	\$737.60	
Insurance - Public Liability	\$769.60	
Insurance of Voluntary Workers	\$580.09	
Meeting costs	\$303.53	
Merchant fees	\$124.75	
Newsletter Printing	\$1,637.00	
P O Box Cost	\$0.00	RDW paid to be reimbursed
Postage of Newsletter	\$603.00	
Rental Office & Amenities	\$4,768.97	
Stationery	\$237.00	
Telephone Calls, Reimbursements	\$21.61	
II NetPhone, Mobile Fax Phone.	\$764.81	
Website Maintenance & Part New Construction	\$1,560.00	
Refund of Overpayment made to us in June 2016-17	\$300.00	

\$16,280.26

CHQ ACC BAL BROUGHT FORWARD FROM 30th JUNE 2017 ACTUAL BAL	\$18,021.45
INCOME FOR 2017/18	\$8,695.00
EXPENDITURE 2017/18	\$16,280.26

CHEQUE ACCOUNT BALANCE AS AT

\$10,436.19

INVESTMENT ACCOUNT BALANCE AS AT TODAY

\$55,000.00

TOTAL ACCOUNTS

\$65,436.19

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CLOSING DATE FOR AUGUST 2018 NEWSLETTER

Saturday 30th June 2018

ARTICLES, ANNOUNCEMENTS
& OTHER MATERIAL

Please send to:

The Editor
Landlords' Association of (S.A.) Inc.
GPO Box 2486 Adelaide SA 5001
or Email to: lasa.info@landlords.org.au

An annual prize will be awarded for the best original article

PLEASE NOTE: It would be a great help if material for the Newsletter could be sent by email wherever possible to save typing.

A PUBLICATION OF LANDLORDS' ASSOCIATION (S.A.) INC.

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GUEST SPEAKER/S DISCLAIMER

The opinions expressed by speakers at our meetings do not necessarily reflect the views or policies of the Landlords' Association (S.A.) Inc.

PRICE DISCLAIMER

The Landlords' Association (S.A.) Inc. cannot accept responsibility for any change in value of any advertised prices or discounts.

FUTURE MEETING DATES

Tuesday 07/08/2018

At the Fullarton Park Community Centre
411 Fullarton Road Fullarton SA 5063

Guest landlords are always welcome
Please mention if this is your first attendance

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