



July 2009

RentCover Report – we've got you covered

Welcome to the July edition of the *RentCover Report*.

With the 2008-09 financial year now behind us, property owners, investors and the general business community will be hoping for better times to come.

Last year was the Australian share market's fifth-worst financial year performance in history with shareholder losses amounting to almost \$350 billion.

However some good news for property investors emerged at the end of June with the monthly RP Data-Rismark International National Home Value Index finding that home values in Australia continued to climb over the month of May, now reaching a national median of \$468,819 – just 0.1 per cent, or \$520, shy of their peak in February 2008.¹

The results reveal that apart from Perth, for the first five months of 2009, home values in every mainland capital city in Australia increased.

Turning to this edition, this month we look at the Victorian Government's plans to introduce a special tax on land within its new Urban Growth Boundaries. We also explore the breadth of EBM's product portfolio, look at why this time of year is always a busy period of policy renewals, and meet Lisa Cusmano as part of our staff profile series.

We hope you enjoy this edition and look forward to updating you next month!

Sharon Fox-Slater
General Manager, RentCover



¹ RP Data-Rismark, International National Home Value Index, Released: June 2009.

Debate continues over ‘vendor tax’

As State governments around the country struggle to meet the demands of sprawling urban areas, different planning reforms are being suggested to meet growing populations and create more sustainable urban areas.



In Victoria, the State Government has released its *Melbourne @ 5 million* vision outlining how the State will deal with its growing urban population and plans to create 284,000 new dwellings and meet the city’s land supply needs for the next 20 years.

Under the Government’s plans, an extra 41,000ha will be brought into city boundaries in the growth areas of Casey, Melton-Caroline Springs, Hume-Mitchell-Whittlesea and Wyndham.

However the Government warned the development of new suburbs would be dependent upon Parliament approving a controversial rezoning tax – the Growth Areas Infrastructure Contribution (GAIC).

Under the Government’s proposed legislation, the GAIC will require owners of land above 0.4ha within the Urban Growth Boundary (UGB) to pay a special tax on their land if it is sold or divided.

The tax would apply to all owners of land brought into the area after 2005 and is divided into two rates:

- \$80,000 per hectare on land brought into the UGB between 2005 and 2008; and
- \$95,000 per hectare on land brought into the boundary in or after 2009.

Land inside the UGB before 2005 will not attract the tax.

The Government has advised that once the GAIC legislation is in effect, the contribution will apply to either the first sale of the land or its subdivision, or the building permit for major building works, whichever occurs first.²

However opponents of the GAIC have called it a ‘vendor tax’ saying it will create an unfair burden on landowners by ignoring differing property values, development potential and the nature of the property transaction.

Their criticism centres on the tax being levied at the first property transaction rather than at the development stage – i.e. should a person’s will direct a property be sold and divided by beneficiaries, the charge applies, or if a marriage breakdown requires a family home be sold, the charge applies.

A community-based lobby group, Taxed Out, was recently formed to lobby the Government to withdraw the proposed tax in its current form and consult with affected landowners to create what it called ‘a fairer outcome’.³

The Victorian Opposition and the Law Institute of Victoria have also expressed concern about the new tax with the latter writing to the Minister for Planning, Justin Madden,

² Growth Areas Authority, Information Sheet: Growth Areas Infrastructure Contribution, December 2008.

³ Taxed Out - www.taxedout.com.au.

seeking clarification of the Government's intention and urging consultation about the proposed change.⁴

Meanwhile, the Victorian Opposition has vowed to amend any Government legislation that comes before the Upper House seeking to impose the tax.

As yet a GAIC-style tax system has not been suggested for other states around Australia, however it bears similarities to the New South Wales Government's Special Infrastructure Contributions Plan which was designed to fund 75% of the roads, rail, bus services, open space, planning and delivery costs and land required for social infrastructure in the State.

At present, the GAIC legislation is being prepared and is subject to final State Government and Parliamentary approval. However the Brumby Government has advised that it will consult with all interested parties in regard to land to be brought within the Urban Growth Boundary.

Stakeholder briefings and workshops are to be held in selected areas as the future of the legislation remains to be seen.

More information is available at: www.taxedout.com.au

EBM- more than just RentCover

RentCover's regular myth busting segment usually focuses on property management issues but this time it's a myth a little closer to home – ourselves.



Recently, a number of RentCover clients have been surprised to learn that EBM Insurance Brokers offers a much larger range of insurance products than just RentCover.

As Australia's largest privately-owned insurance broker, EBM has created a range of specialised products to meet a variety of different needs.

EBM General Manager Sharon Fox-Slater said the company offers insurance services to a wide variety of clients from large to small corporations, trades-people, private landlords, parents with schoolchildren and even horse owners.

“Since it was established in 1975, EBM has created a range of specialised insurance products to ensure that our clients receive the most appropriate cover at the best price,” Ms Fox-Slater said.

Some of EBM's specialised products include:

StudentCover - Developed in 1995, *StudentCover* is a low-cost accident insurance policy that provides 24/7 cover for school-aged children. Cover can be provided for as little as \$9 per student where the "Whole-of-School" option is used. Alternatively, individuals can arrange cover at a total cost of just \$29 per year. The list of benefits is extensive and covers a wide range of injuries such as broken bones, fractures and loss of teeth and

⁴ Law Institute of Victoria, Government Set To Grab Millions In New Land Tax, 27 May 2009.

includes participation in almost all sports. For more information visit www.studentcover.com.au

EquineCover - EquineCover was developed to appeal directly to the people who understand the unique risks associated with horses and the value of the equipment required. The policies provide extensive cover over the life of a horse, including the event of death by accident, sickness or disease and humane destruction by a veterinarian. They also provide cover for theft and Australia-wide transport and includes options to cover saddlery, harnesses, horse-drawn carriages, and other accessories. It also covers personal liability for the owners of horses anywhere in Australia, up to \$10 million. For more information visit www.equinecover.com.au

Financial Planning services - EBM Financial Planning Pty Ltd (an EBM subsidiary) can assist clients with a variety of services such as retirement planning, superannuation, and insurance needs to minimise tax liability, increase investment returns or protect lifestyle. As well as these services, EBM can provide specialist help with social security/Centrelink services and payments. These include the Age Pension, Mature Age Allowance, Family Tax Benefit, Parenting Payment and Disability Support Pension. There is also a range of benefits for war service veterans. For more information visit www.ebmfinancialplanning.com.au

BuildCover - BuildCover is a domestic warranty insurance policy which has been created to overcome the difficulties that builders often face in proving eligibility for warranty cover. BuildCover works with clients with no need for bank guarantees or bonds and no financial restructuring required. In addition to domestic warranty insurance, EBM Insurance Brokers also provides other speciality insurances required by builders including owner builder warranty insurance for those building their own homes, contract works insurance to cover contractual requirements, public liability insurance and structural defects insurance. For more information visit www.buildcover.com.au

For more information on these and other products offered by EBM, call 1300 INSURE (1300 467 873) for your nearest office or visit: www.ebminsurance.com.au.

Critical time to renew

With the start of a new financial year now upon us and many policy periods coming to an end, numerous RentCover clients have recently undertaken a review of their insurance policies and updated their cover with EBM.



EBM Managing Director Jeff Adams said this time of year is typically a hectic period for the business community but also provides a valuable reminder for clients to review their insurance needs to make sure they are adequately covered.

“Insurance protection is important at all times of the year and a new financial year serves as a good reminder for people to either review or renew their policies,” Mr Adams said.

“However from time to time we hear of situations where clients let their policies lapse, sometimes without knowing, and thus leave themselves vulnerable should unfortunate circumstances arise.”

Mr Adams notes that clients whose policies are due to expire imminently need only contact their EBM account manager who can help them with the necessary renewal process.

Clients are also reminded that as their professional risks style of policy eg professional indemnity, directors and officers/management liability etc, that are written on a “claims made” basis, approaches its expiry date, they may be still protected by the full extent of their cover as long as they notify their EBM account manager of any change in their circumstances, prior to expiry.

Section 40(3) of the *Insurance Contracts Act 1984* (Cth) is a special provision that can assist a client that notifies of any facts that could give rise to a claim just as their policy is about to expire.

The section states:

“Where the insured gave notice in writing to the insurer of facts that might give rise to a claim against the insured as soon as was reasonably practicable after the insured became aware of those facts but before the insurance cover provided by the contract expired, the insurer is not relieved of liability under the contract in respect of the claim, when made, by reason only that it was made after the expiration of the period of the insurance cover provided by the contract.”⁵

What this means is that an insurer is not relieved of liability in respect of a claim made after the policy has expired where the insured, during the policy period, gave written notice of facts which might give rise to a claim as soon as was reasonably practicable after the insured became aware of those facts.

However this protection will only cover those who act quickly to update their insurers.

Mr Adams said this provision is particularly relevant in relation to professional indemnity claims.

“EBM’s Real Estate Agents Professional Indemnity facility offers clients professional indemnity cover in real estate agencies right around Australia. As part of our service, EBM has in place a dedicated 1300 number that allows immediate legal assistance to be given to our clients if they become aware of any facts that could give rise to a claim,” Mr Adams said.

⁵ *Insurance Contracts Act 1984* (Cth) Section 40(3).

“I remind all agents that it is very important they notify us of any potential professional indemnity claim as soon as any facts present themselves. This will ensure EBM is able to act on their behalf and offer them the full protection that their policy provides.”

For more information about the Real Estate Agents Professional Indemnity, visit www.ebminsurance.com.au or call 1800 661 662.

Meet a member of the RentCover team...

This month we meet Lisa Cusmano from EBM’s RentCover team in EBM’s Melbourne offices.

Lisa has been with EBM for just over 4 years and during this time has had a variety of roles including PA, Administrator and Senior Administrator and has just moved into the role of Assistant Claims Account Manager.



Here are a few other things you might not know about Lisa:

1. **What do you like most about being at EBM?** Since starting with EBM in 2005 my role has changed several times and I like how I am always learning new things and improving myself.
2. **What aspect of your role do you find most rewarding?** Recognition – clients emailing us saying how happy they are with our prompt service in settling their claim.
3. **When not at work I...** like to spend time with my boyfriend, family and friends. I also enjoy going to the gym, shopping and spending time with my little black poodle Coco, who I just adore.
4. **If I had a three week holiday planned, I would...** cruise the Carribean with my lovely boyfriend.
5. **I like to splurge on...** fashion... What girl doesn’t?
6. **One piece of advice that stays with you...** always treat others the way you like to be treated.



EBM
INSURANCE BROKERS

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